Burlington
978
BURLINGTON
SILVER VIEW

1963 ANNUAL REPORT

Burlington Route

BOARDS

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

mrb
652.0973
C4322r

To our patrons:

In 1899 it was said in reference to the establishment of the Burlington's Fast Mail that such exacting schedules could be made only by a railroad with a strong and rugged roadbed, adequate rolling stock and motive power, and above all a force of men constructively disciplined and all pulling the same way.

That formula has never changed. We believe it never will. The Burlington will continue to build and maintain the physical plant and equipment and provide the personnel necessary to furnish the service to which you are entitled. We will continue to make the necessary investments—this is the price of staying in business; even more—the price of progress.

H. C. MURPHY
President

Cover Picture: Along the Upper Mississippi River are two modern Burlington trains: northbound, the Morning Twin Cities Zephyr; southbound, behind turbo-charged, 2,500 horsepower GP-35 locomotives, one of Burlington's famous time freights.

110TH ANNUAL REPORT OF THE BOARD OF DIRECTORS

Burlington
Route

CHICAGO, BURLINGTON & QUINCY
RAILROAD COMPANY *December 31, 1963*

Burlington Route

Chicago, Burlington & Quincy Railroad Company

DIRECTORS

John M. Budd
President, Great Northern Railway Company, St. Paul, Minn.

Kenneth F. Burgess
Partner, Sidley, Austin, Burgess & Smith, Chicago, Ill.

George M. Foster
Chairman of the Board, John Morrell & Company, Ottumwa, Ia.

J. C. James
Retired Executive Vice President and General Counsel, Chicago, Burlington & Quincy Railroad Company, Chicago, Ill.

Robert S. Macfarlane
President, Northern Pacific Railway Company, St. Paul, Minn.

Ellsworth Moser
Retired Chairman of the Board, United States National Bank of Omaha, Omaha, Nebr.

H. C. Murphy
President, Chicago, Burlington & Quincy Railroad Company

Clarence B. Randall
Director, Inland Steel Company, Chicago, Ill.

R. Douglas Stuart
Director, The Quaker Oats Company, Chicago, Ill.

EXECUTIVE COMMITTEE

H. C. Murphy, *Chairman*

John M. Budd
Kenneth F. Burgess
George M. Foster

J. C. James
Robert S. Macfarlane
R. Douglas Stuart

OFFICERS

H. C. Murphy, *President*

Eldon Martin, *Vice President and General Counsel*

Guy R. Glover, *Vice President—Traffic Department*

E. L. Potarf, *Vice President—Operating Department*

J. J. Alms, *Assistant Vice President, Executive Department*

W. N. Ernzen, *Comptroller*

W. K. Bush, *Secretary and Treasurer*

L. N. Assell, *Assistant Secretary and Assistant Treasurer*

E. J. Brown, *Chief Engineer*

H. V. Schiltz, *Director of Purchases*

E. A. White, *General Auditor*

John E. Adams
E. V. Fink
} *Fiscal Agents, 39 Broadway, New York*

Gerard Montgomery
Martin H. Weber
} *Transfer Agents, 39 Broadway, New York*

THE ABOVE WERE DIRECTORS AND OFFICERS AS OF DECEMBER 31, 1963.

PRINCIPAL OFFICE OF THE COMPANY

Burlington Building, *547 W. Jackson Blvd., Chicago, Ill. 60606*

107 040 05
6 372 43
4 107 92
84 32
68 93
85 4
3 50
21 97
1 114
3 231 00
86 87
492 21
692 63
417 646 27
37 41
376 14
002 16
000 00
437 90
261 47
61 20
486 70
3 12
18 761 34
*6,42 798 44

HIGHLIGHTS OF OPERATIONS

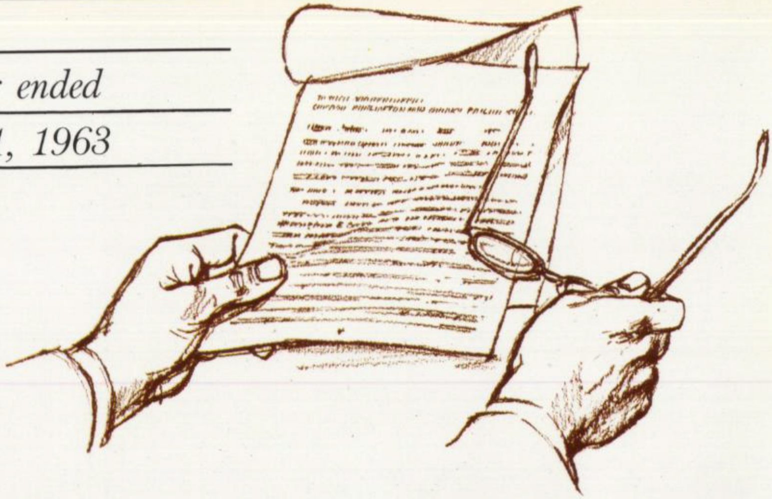
MAY 11 1964 A

	1963	1962	Increase or (Decrease)
Operating Revenues (Page 39)	$ 261,713,684	$ 263,434,538	($1,720,854)
Operating Expenses (Page 39)	$ 208,555,126	$ 207,899,087	$ 656,039
Operating Ratio (Page 39)	79.69	78.92	.77
Available for Fixed Charges	$ 29,014,193	$ 28,012,528	$1,001,665
Fixed Charges (Page 39)	$ 7,646,545	$ 7,599,624	$ 46,921
Times Fixed Charges Earned	3.79	3.69	.10
Total Taxes (Page 34)	$ 22,870,497	$ 24,033,041	($1,162,544)
Net Income	$ 21,367,648	$ 20,412,904	$ 954,744
Dividends Paid	$ 12,812,902	$ 12,812,902	
Averages per Share of Stock:			
Taxes	$ 13.39	$ 14.07	($ .68)
Net Income	$ 12.51	$ 11.95	$ .56
Dividends Paid	$ 7.50	$ 7.50	
Net Investment	$ 718,582,830	$ 711,600,001	$6,982,829
Rate of Return—Net Rwy. Operating Income on Net Investment	3.49%	3.42%	.07%
Average Number of Employes	21,034	21,676	(642)
Total Wages	$ 131,820,744	$ 133,245,729	($1,424,985)
Revenue Ton Miles	17,646,415,120	17,069,856,315	576,558,805
Gross Ton Miles per Freight Train Hour	74,580	72,282	2,298
Revenue Passenger Miles	800,724,819	853,932,930	(53,208,111)
Miles of Road Operated	8,545.96	8,547.23	(1.27)
Total Outstanding Funded Debt including Equipment Obligations (Page 46)	$ 220,538,299	$ 216,159,062	$4,379,237

REPORT

for the year ended

December 31, 1963



Although gross revenues declined slightly in 1963 from 1962, net income increased due in part to the reduction in state taxes as more fully reported under "Taxes."

Net income was $21,367,648, an increase of $954,744, or 4.68 per cent over 1962.

Operating revenues were $261,713,684, a decrease of $1,720,854, or 0.65 per cent under those of 1962.

Operating expenses were $208,555,126, an increase of $656,039, or 0.32 per cent above those of 1962.

Railway taxes recorded in income account declined to $22,726,535, a decrease of $2,307,673, or 9.21 per cent under 1962.

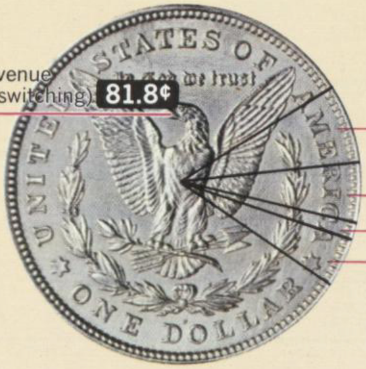
During 1963, the Company improved its property by gross expenditures for equipment and roadway aggregating $30,591,123 chargeable to capital. These expenditures during the past ten years amount to $284,403,510.

Capital Expenditures by Years 1954-1963, Inclusive

	Gross		Retirements		Net	
	Road and General	Equipment	Road and General	Equipment	Road and General	Equipment
1954	$10,789,572	$ 16,513,268	$ 4,468,187	$10,119,340	$ 6,321,385	$ 6,393,928
1955	5,390,690	19,825,370	6,466,453	6,502,707	Cr.1,075,763	13,322,663
1956	16,466,228	14,871,156	7,077,988	3,469,423	9,388,240	11,401,733
1957	23,942,890	22,474,055	5,456,775	6,680,908	18,486,115	15,793,147
1958	8,232,334	21,196,344	6,165,355	3,078,413	2,066,979	18,117,931
1959	9,078,179	18,281,592	5,517,683	3,293,847	3,560,496	14,987,745
1960	13,610,304	13,357,357	5,304,613	10,696,104	8,305,691	2,661,253
1961	2,980,270	17,677,201	6,686,301	13,933,428	Cr.3,706,031	3,743,773
1962	3,152,456	15,973,121	3,669,346	8,261,776	Cr. 516,890	7,711,345
1963	3,493,326	27,097,797	1,873,425	7,121,958	1,619,901	19,975,839
Total	$97,136,249	$187,267,261	$52,686,126	$73,157,904	$44,450,123	$114,109,357

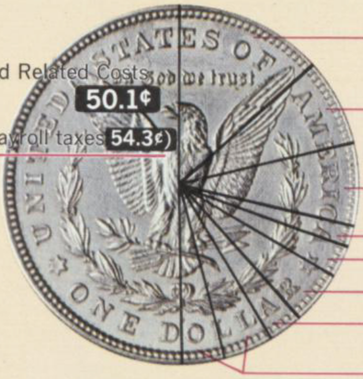
OUR 1963 INCOME DOLLAR

WHERE IT CAME FROM...



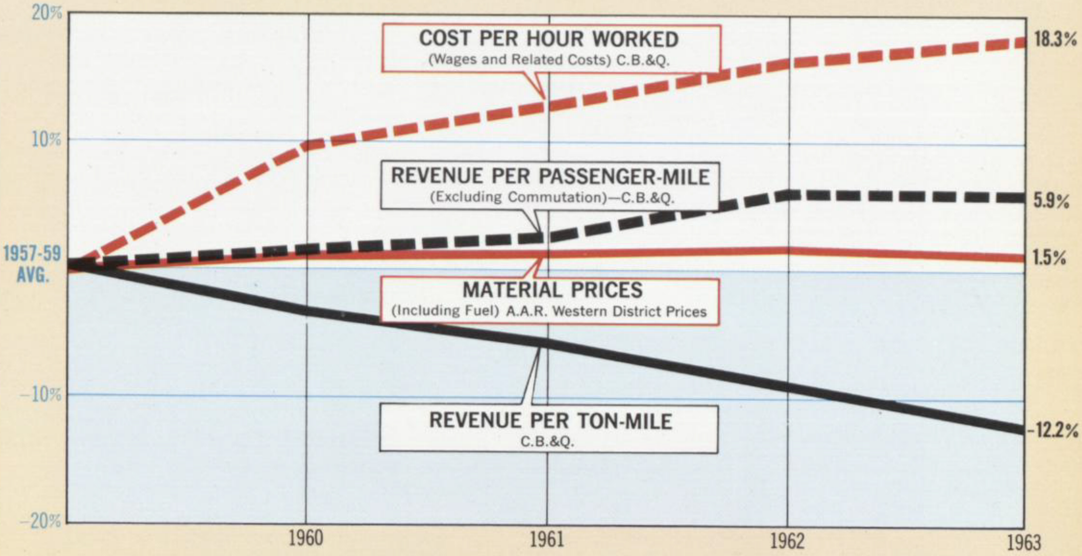
Freight Revenue (including switching)	81.8¢
Passenger Revenue	7.8¢
Mail Revenue	5.1
Express Revenue	1.2
All Other	4.1

WHERE IT WENT...



Payrolls and Related Costs		50.1¢
(including payroll taxes 54.3¢)		
Materials and Supplies		13.4¢
Depreciation and Retirements		7.6
Other Operating Expenses and Income Charges		7.4
Net Joint Facility and Equipment Rents		2.0
Interest and Other Fixed Charges		2.9
Dividends		4.8
Retained in the Business		3.2
TAXES	*Other than Payroll*	4.4
	Payroll	4.2

TREND OF WAGE COSTS, MATERIAL PRICES, AND REVENUES



FREIGHT TRAFFIC

Notwithstanding several occasions on which work stoppage was anticipated as the result of labor negotiations, with resulting diversion of traffic, and a critical car shortage throughout the early and late months of the year, revenue carloadings held very nearly equal to those recorded in the year 1962. Revenue tons showed a modest increase. Gross freight revenue declined 0.23 per cent.

Products of Mines, Manufacturers and Miscellaneous, and Forwarder Traffic contributed to the increase in revenue tons, which were the highest since 1949. Commodities registering decreases were Products of Agriculture, Animals and Products, and Products of Forests. Improved service, establishment of additional incentive freight rates, further acquisition of larger specialized equipment, and active sales efforts contributed to the gain in revenue tons.

Adjusted freight revenue for 1963 was $213,322,099 compared with $213,428,177 in 1962, a decrease of 0.05 per cent.

Carloads of revenue freight handled in 1963 totaled 1,369,589, a decrease of 286 or 0.02 per cent under 1962.

Revenue tons carried in 1963 were 54,092,128, an increase of 1,745,677 or 3.33 per cent. Freight train miles decreased 1.05 per cent.

The average revenue per ton mile decreased from 1.250 cents in 1962 to 1.209 cents in 1963 or 3.28 per cent.

Average load per freight car was 39 tons as compared with 38 tons in 1962, an increase of 2.63 per cent. The average load in 1940 was 31 tons.

904
904
Burlington
BURLINGTON

FREIGHT TRAFFIC *(continued)*

Source of Freight Revenue

	1963 Revenue*	Per Cent of Total	Per Cent Change from 1962	
			Increase	Decrease
Products of Agriculture	$ 51,670,128	22.66		4.78
Animals and Products	14,466,268	6.35		8.78
Products of Mines	34,264,927	15.02	5.92	
Products of Forests	16,020,189	7.03		1.90
Manufactures and Miscellaneous	98,314,159	43.12	2.31	
Forwarder Traffic	9,661,446	4.24	4.00	
Less-Than-Carload	3,595,458	1.58		16.92
Total	$227,992,575	100.00		.23

*Gross Freight Revenue, stated without adjustments for absorptions (principally switching, pick-up and delivery, and corrections) which reduced total freight revenue to $213,322,099.

FREIGHT RATES

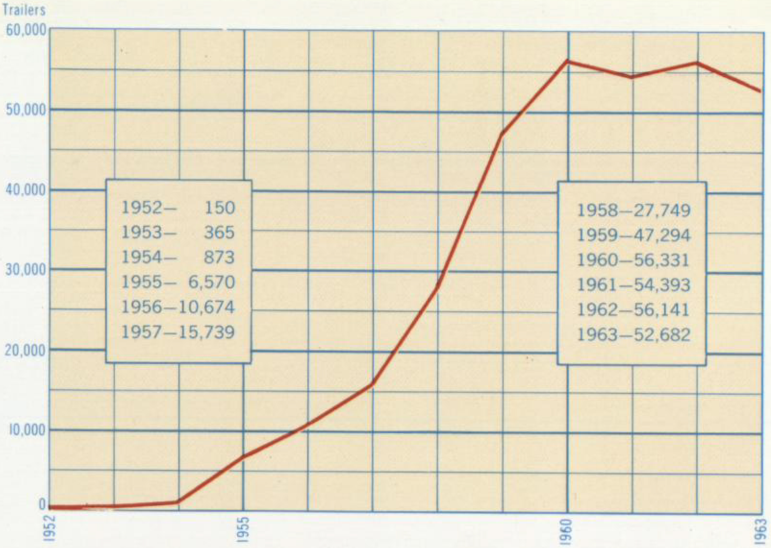
As in previous years, the Company actively studied competitive rate problems and progressed adjustments where these studies indicated such action would be profitable.

The development of specialized and high-capacity equipment has made practicable, in a number of instances, rate reductions subject to high minimum weights to hold or retrieve traffic and yet realize satisfactory car-mile earnings. Such commodities as vegetable oils, lard, anhydrous ammonia, and wine moving in tank cars, as well as various commodities moving in covered hopper cars, are among those on which adjustments of this nature have been made or are under consideration.

Volume rates also have been established, subject to minimum weights per shipment ranging as high as 7,000 tons and in some instances subject also to guaranteed minimum annual tonnages. Rate adjustments of this nature were successful in gaining substantial additional coal tonnage during the year and should produce additional tonnages of coal and other commodities in subsequent years.

Activities also continued at a high level in connection with TOFC rates, particularly ramp-to-ramp rates which require the shipper and receiver to perform the terminal work. In some cases the shipper is required to furnish the trailers, and in other cases railroad-owned trailers may be used.

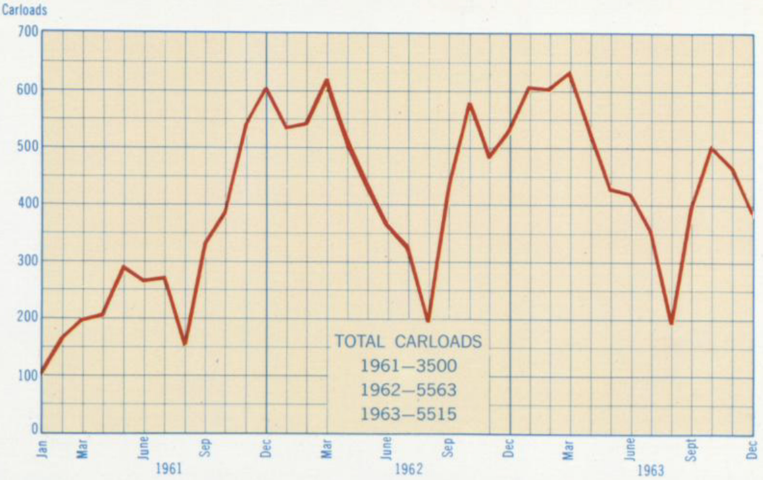
Loaded trailers moved in TOFC service.



1952— 150
1953— 365
1954— 873
1955— 6,570
1956—10,674
1957—15,739

1958—27,749
1959—47,294
1960—56,331
1961—54,393
1962—56,141
1963—52,682

Carloads of automobiles and tractors moved on multi-level flat cars.



TOTAL CARLOADS
1961—3500
1962—5563
1963—5515

980
Burlington
980
GP 35

New 2500 h.p. GP-35 being serviced.

TRAILERS AND CONTAINERS ON FLAT CARS

During 1963, TOFC ramps were added at Rochelle and Savanna, Illinois, and at the Sioux Ordnance Depot at Panhandle, Nebraska, bringing the total number of such ramps to forty-nine. A total of 52,682 trailers were handled in 1963, compared to 56,141 in 1962.

Burlington, in connection with Matson Navigation Company, instituted through container service between the Hawaiian Islands and various Burlington points during 1963. These 24-foot containers, loaded three on an 85-foot flat car, are transferred between flat car and ship and handle canned pineapple eastbound and a variety of commodities, including forwarder merchandise, westbound. In addition to the Hawaiian shipments, there have been a few import shipments from Japan moving in containers.

MULTI-LEVEL RACK CARS

During the year 1963, a total of 5,515 carloads of multi-level traffic involving new automobiles and tractors were handled. This figure compares with a total of 5,563 such loads during the year 1962. The closing of the Studebaker Corporation's South Bend, Indiana, plant and a strike at the Ford Motor Company's Kansas City, Missouri, plant contributed to the small decrease in 1963.

Compliments of

H. C. MURPHY

PRESIDENT

ACKNOWLEDGMENT IS UNNECESSARY

AGRICULTURE AND LIVESTOCK

Agricultural production in states served by the Burlington continued at a high level in 1963. Overall tonnage of major crops produced, including corn, sorghum grains, winter wheat, soybeans, sugar beets, and dry beans exceeded 119 million tons, which is 12 per cent above 1962 and 14 per cent more than the five-year average 1958-1962.

Corn production, stimulated by ample fertilizer and good mid-summer rains, increased 12 per cent over 1962 and was 17 per cent above the five-year average. Soybeans, at a new high, were 10 per cent over last year and 28 per cent above the five-year average. Dry beans topped 1962 production by 36 per cent but exceeded the five-year average by only 14 per cent. Sorghum grains totaled 8 per cent more than in 1962 and 9 per cent over the period average. Sugar beet tonnage was more than a third above 1962 and 40 per cent higher than the five-year average. Total acres devoted to hay decreased 10 per cent but production declined only 8 per cent below last year. Winter wheat harvest was 5 per cent better than the poor crop in 1962 but fell short of the five-year average by nearly 19 per cent.

Outlook for 1964 depends heavily on moisture received during spring months. Winter wheat acreage seeded for 1964 harvest is 1 per cent larger than the previous year. Condition of the crop early in the year indicated production of 512 million bushels—14 per cent above 1963, but 7 per cent below 1958-1962 average production on about the same acreage. Wheat in storage in all positions January 1, 1964 in Burlington states decreased 13 per cent compared to January 1, 1963. Corn storage is up 3 per cent, soy beans up 5 per cent, oats up 1 per cent, and barley down 9 per cent.

Again there will be no government acreage controls for sugar beets and growers have the largest acreage in history fall-plowed and ready to seed to sugar beets this spring. Factory capacity may limit expansion and prospective irrigation water supplies are not encouraging as winter snow pack on watersheds was subnormal. Also, carryover of water in storage is below a year ago and surface moisture is somewhat deficient in much of the irrigated territory.

Livestock along the Burlington is in good condition. Dry, mild weather has been good for stock feeding and animals in feed lots are making satisfactory gains. Cattle and calves on feed January 1, 1964 numbered 5.46 million head, or 2 per cent fewer than a year ago but 17 per cent more than 1958-1962 average. Sheep and lambs on feed January 1, 1964 totaled 2.3 million head, or 10 per cent fewer than a year earlier. Disappointingly low prices for all classes of livestock are deterring movement to market.

AGRICULTURAL AND LIVESTOCK *(continued)*

In livestock producing and feeding along the Burlington there is a trend towards fewer and larger operators, or concentrators, who forward in special train lots. Burlington handled thirty-two such trains of from twenty-five to eighty-nine cars each during 1963, resulting in more expeditious handling and less shrink of the animals.

Kern County Land Company of Bakersfield, California, has acquired holdings in the Minatare, Nebraska, area and is engaged in intensive feeding operations with a capacity of 30,000 head of cattle at one time, which during 1963 required in excess of eight hundred carloads of feed grain.

Burlington is the first carrier west of Chicago and St. Louis to acquire 50-foot stock car equipment, and the seasonal demand for this equipment at times exceeds the supply.

PERISHABLE TRAFFIC

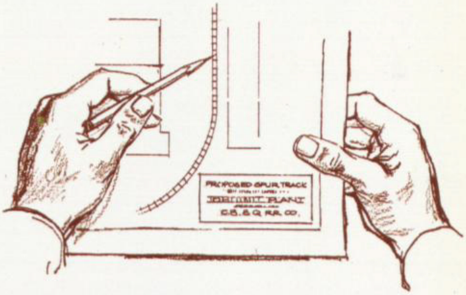
For years (since the first refrigerator car was built) engineers and car builders have been working to design a refrigerator car floor with minimum conductivity of heat or cold from the outside of the car. Floor stringers made of heavy density polyurethane have been found to be lighter and stronger than oak, and with the insulating efficiency of a fiberglass blanket. The one hundred new 50-foot mechanical refrigerator cars produced in Havelock Shops in 1963 have floors constructed to the above design.

INDUSTRIAL DEVELOPMENT

Industrial development maintained an active pace during 1963. There were 761 new industrial leases issued during the year on land owned by the railroad. Seven industries purchased Burlington-owned land on which to erect new plants and five industries expanded plants that were located on land previously purchased from Burlington. Twenty-three new industries located on other lands available to our service. Forty-eight new industrial tracks or track extensions were built and six temporary contractors' tracks were installed.

Utilities, streets, and lead trackage have been extended at Burlington-owned industrial districts at North Kansas City and St. Louis, Missouri; Aurora, Illinois; Denver, Colorado; LaCrosse, Wisconsin; and Lincoln, Nebraska, to industrial property not previously served. Trackage was constructed to serve a privately-owned industrial district at Council Bluffs, Iowa. Interest in Burlington's Paseo Industrial District at North Kansas City, Missouri, continued to be especially active and three sites were sold.

BURLINGTON'S INDUSTRIAL DEVELOPMENT


PROPOSED SPUR TRACK
PLANT
C.B.&Q. RR. CO.

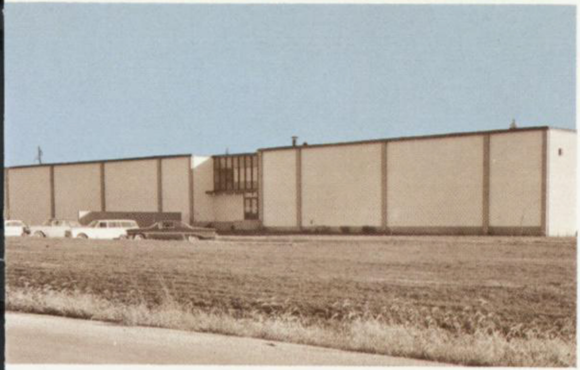
Construction and expansion of industrial plants on land owned by or adjacent to the railroad continued active in 1963.

The accompanying pictures show typical buildings.

Photos top to bottom:

Gates Rubber Co., Rockford, Illinois
Weaver Potato Chip Co., Lincoln, Nebraska
Purolator Products, Inc., Creston, Iowa
The Fleming Co., Lincoln, Nebraska
Jacobs Warehouse Co., No. Kansas City, Missouri

Weaver's
POTATO CHIP CO.



Jacobs
WAREHOUSE CO., INC.

BURLINGTON'S INDUSTRIAL DEVELOPMENT *(continued)*

Top to bottom:

Victor Business Forms, Division of Victor Comptometer Corp., Lincoln, Nebraska

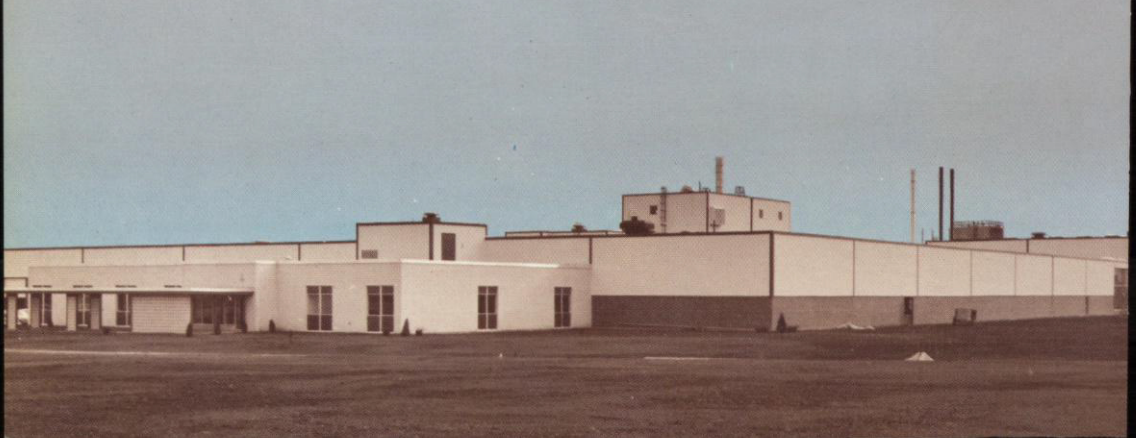
Ralston Purina Co., Lincoln, Nebraska

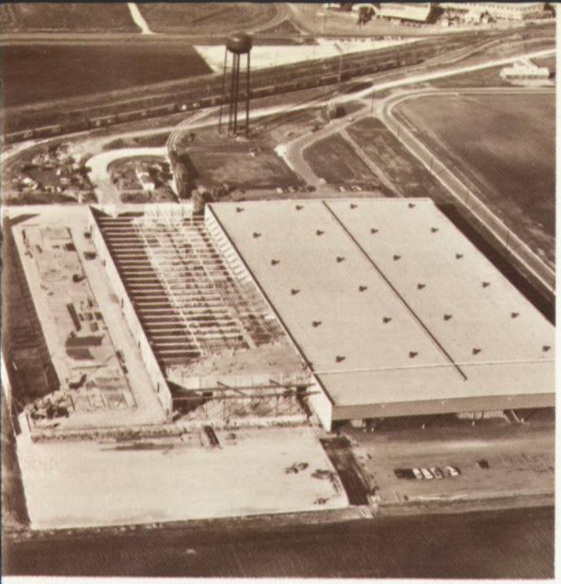
St. Joseph Foods Inc., St. Joseph, Missouri

Visking Co., Centerville, Iowa

PURINA
CHOWS

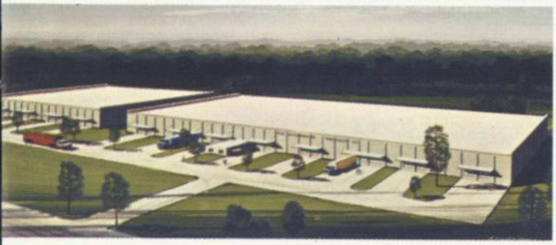
ST. JOSEPH FOODS INC.

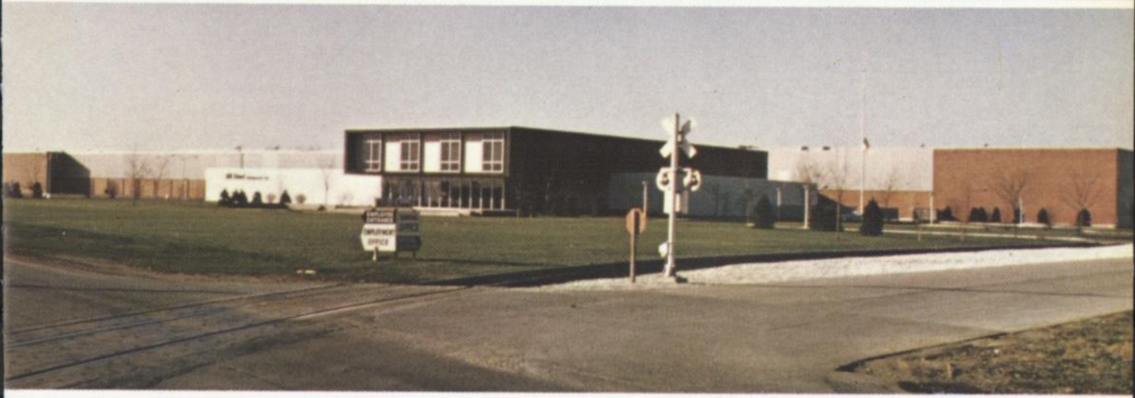




Budweiser
MAGILL BEVERAGE

Above left: California Packing Co., Addition under construction, Rochelle, Illinois
Above right: Magill Beverage Co., Budweiser Distributor, Montgomery, Illinois
Below left: D. H. Overmeyer Warehouse Co., Denver, Colorado
Below right: Sears, Roebuck & Co., No. Kansas City, Missouri




EMPLOYMENT OFFICE

Above: All Steel Equipment Co., Montgomery, Illinois
Right: Welco Manufacturing, No. Kansas City, Missouri
Below: Kelly Springfield Tire Co. No. Kansas City, Missouri

THE KELL
FIELD TIRE CO

INDUSTRIAL DEVELOPMENT *(continued)*

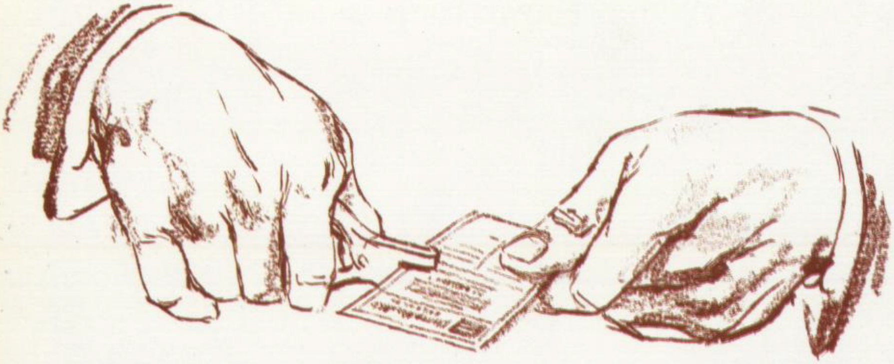
To meet demands for industrial sites along the railroad, thirty-five acres were acquired at Grand Island, Nebraska; thirty-four acres at Casper, Wyoming; and six small parcels were acquired jointly with the Great Northern Railway at St. Paul, Minnesota.

Union Electric Company is constructing a new $200,000,000 steam generating power station at Machens, Missouri, near St. Louis, for which this Company will handle unitized trains of coal from a new mine of Old Ben Coal Corporation near Benton, Illinois. The plant is expected to start receiving coal late in 1965.

RAILROAD-COMMUNITY HISTORICAL OBSERVANCE

The Company believes that important milestones in its history should be shared with the public, inasmuch as a better understanding and appreciation of the railroad invariably results. One such event was the observance at Casper, Wyoming, October 20, 1963, of the arrival of the Burlington fifty years previously. One of our two steam locomotives preserved for children's and rail fan excursions was painted a golden color and pulled a Golden Anniversary Special on a 116-mile round trip. Each of 900 delighted passengers received a copy of a souvenir booklet prepared for the occasion. The city manager and the president of the Casper Chamber of Commerce engaged in a hand car race (pumping two old cars resurected and rehabilitated for such historical occasions) in front of an audience of several thousand persons gathered at the passenger station. The winner drove a simulated golden spike, after which the excursion special pulled by "the world's first gold locomotive"—rolled out of town.

PASSENGER TRAFFIC



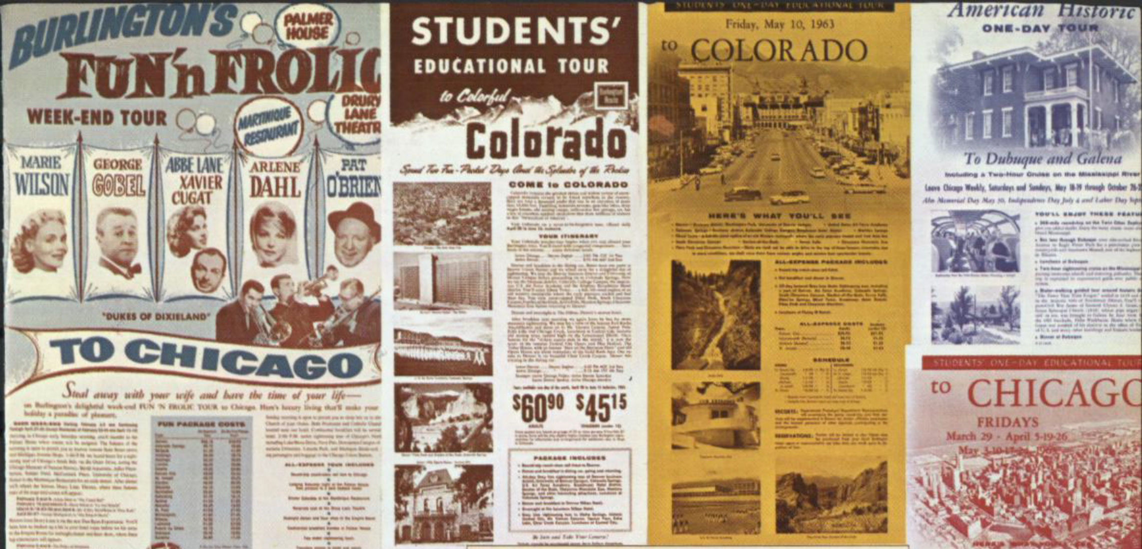
Burlington's share of the rail passenger market in the Western District increased from 10.43 per cent to 10.55 per cent in 1963, although passenger revenues decreased $1,365,684, or 6.20 per cent below 1962, to $20,677,819. Eliminating suburban revenue (multiple-ride tickets, one-way and round-trip tickets, and cash fares in Chicago-Aurora suburban territory), the decrease was $1,237,816 or 7.09 per cent. Revenue from suburban fares for 1963 was $4,446,976, a decrease of $127,868 or 2.80 per cent. The continued diversion of off-peak suburban travel to the expressways and the outlying shopping areas is largely responsible for this decrease in suburban travel. The decrease in other than suburban revenue for 1963 was due principally to the absence of traffic which moved to the Seattle World's Fair in 1962 and the several work-stoppage threats during the summer of 1963 which diverted some of our regular traffic to other transportation modes.

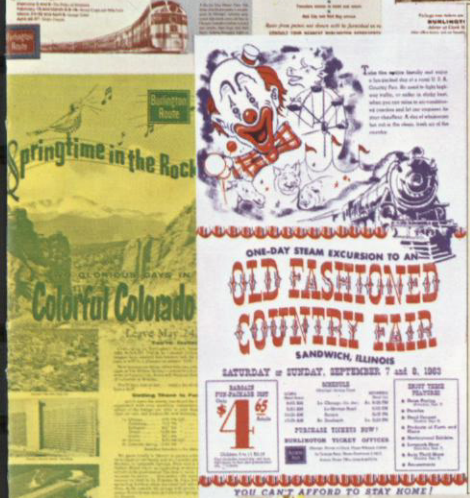
Passenger traffic in 1963 was handled with a decrease of 257,366 passenger train miles or 3.04 per cent compared with 1962. Total passenger car miles decreased 3.76 per cent.

All revenue passengers carried in 1963 decreased 4.09 per cent under 1962, while corresponding passenger miles decreased 6.23 per cent. Excluding suburban traffic, the number of revenue passengers carried in 1963 decreased 6.44 per cent compared with 1962, while corresponding passenger miles decreased 6.88 per cent.

Average revenue per passenger mile was 2.582 cents in 1963 compared with 2.581 cents in 1962.

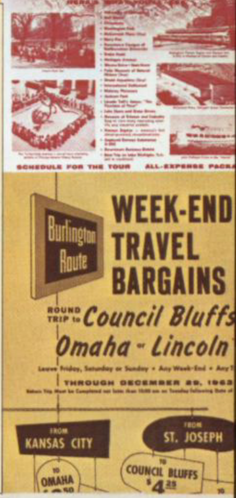
There was no general increase or decrease in passenger fares and charges during 1963.

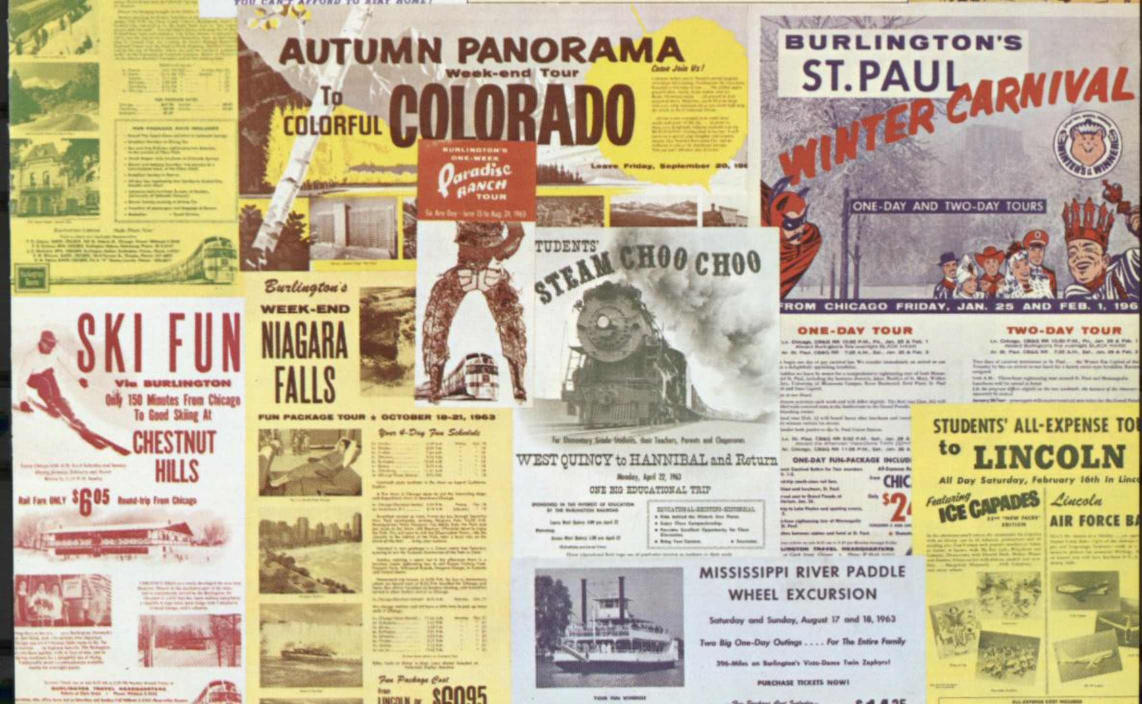

BURLINGTON'S
FUN 'n FROLIC
WEEK-END TOUR
PALMER HOUSE
MARTINIQUE RESTAURANT
DRURY LANE THEATRE
MARIE WILSON
GEORGE GOBEL
ABBE LANE XAVIER CUGAT
ARLENE DAHL
PAT O'BRIEN
"DUKES OF DIXIELAND"
TO CHICAGO
Steal away with your wife and have the time of your life—
STUDENTS' EDUCATIONAL TOUR
to Colorful Colorado
Spend Two Fun-Packed Days Amid the Splendor of the Rockies
COME to COLORADO
$60.90 $45.15
Friday, May 10, 1963
to COLORADO
HERE'S WHAT YOU'LL SEE
American Historic
ONE-DAY TOUR
To Dubuque and Galena
Including a Two-Hour Cruise on the Mississippi River


Springtime in the Rock
Glorious Days in
Colorful Colorado
Burlington Route
ONE-DAY STEAM EXCURSION TO AN
OLD FASHIONED COUNTRY FAIR
SANDWICH, ILLINOIS
SATURDAY or SUNDAY, SEPTEMBER 7 and 8, 1963
$4.65
PURCHASE TICKETS NOW!
YOU CAN'T AFFORD TO STAY HOME!

CREATIVE
TRAFFIC

182,761 Passengers Rode Burlington Excursions and Tours in 1963.


STUDENTS' ONE-DAY EDUCATIONAL TOUR
to CHICAGO
FRIDAYS
March 29 - April 5-19-26
SCHEDULE FOR THE TOUR
ALL-EXPENSE PACKA
Burlington Route
WEEK-END TRAVEL BARGAINS
ROUND TRIP to Council Bluffs
Omaha - Lincoln
THROUGH DECEMBER 29, 1963
FROM KANSAS CITY
FROM ST. JOSEPH
TO OMAHA
COUNCIL BLUFFS


AUTUMN PANORAMA
Week-end Tour
To COLORFUL COLORADO
Come Join Us!
Leave Friday, September 20, 196
BURLINGTON'S ONE-WEEK Paradise RANCH TOUR
BURLINGTON'S
ST. PAUL
WINTER CARNIVAL
ONE-DAY AND TWO-DAY TOURS
FROM CHICAGO FRIDAY, JAN. 25 AND FEB. 1, 196
ONE-DAY TOUR
TWO-DAY TOUR
TUDENTS' STEAM CHOO CHOO
WEST QUINCY to HANNIBAL and Return
Monday, April 22, 1963
ONE BIG EDUCATIONAL TRIP
SKI FUN
Via BURLINGTON
Only 150 Minutes From Chicago
To Good Skiing At
CHESTNUT HILLS
Rail Fare ONLY $6.05 Round-trip From Chicago
Burlington's
WEEK-END
NIAGARA FALLS
FUN PACKAGE TOUR • OCTOBER 18-21, 1963
Your 4-Day Fun Schedule
MISSISSIPPI RIVER PADDLE WHEEL EXCURSION
Saturday and Sunday, August 17 and 18, 1963
Two Big One-Day Outings.... For The Entire Family
396-Miles on Burlington's Vista-Dome Twin Zephyrs!
PURCHASE TICKETS NOW!
STUDENTS' ALL-EXPENSE TO
to LINCOLN
All Day Saturday, February 16th In Linc
Featuring ICE CAPADES
Lincoln AIR FORCE BA

VISTA-DOME DENVER ZEPHYR AND SLUMBERCOACH

The total number of revenue passengers carried on the Vista-Dome Denver Zephyrs between all points Chicago-Denver was 247,083, an increase of 224, or .09 per cent.

The total number of *through* passengers carried between Chicago and Denver on the Vista-Dome Denver Zephyrs during 1963 was 117,759, a decrease of 3,182 or 2.63 per cent compared with 1962.

Slumbercoach passengers carried on the Vista-Dome Denver Zephyrs during 1963 totaled 34,042, with an average occupancy of 83.6 per cent per car trip.

CREATIVE TRAFFIC

During 1963, the long-established program for the development of passenger traffic continued. A series of special one-day and week-end all-expense tours were offered along with "Choo Choo" trips for elementary grade students and rail fans. New recreational areas are being sought and special tours set up to attract traffic. These various excursions are designed to give the railroad an opportunity to demonstrate its service to many new patrons including the younger generation.

MAIL

Revenue for transporting mail for the Post Office Department in 1963 was $13,529,225, a decrease of $32,785 or 0.24 per cent compared with the previous year.

EXPRESS

Express income for 1963 was $3,316,639, a decrease of $249,936 or 7.01 per cent compared with 1962. The decrease resulted primarily from improved utilization of car space and decreased space authorized.

UNPROFITABLE PASSENGER TRAIN SERVICE

Trains 1 and 44 between St. Louis, Missouri, and Quincy (West Station), Illinois, were discontinued April 28, 1963 with annual train mile savings of 98,550.

The application for the removal of two pairs of Monday through Friday suburban trains between Chicago and Aurora, Illinois, was approved by the Illinois Commerce Commission on December 11, 1963. These trains were discontinued on January 13, 1964, and will save approximately 39,520 train miles annually.

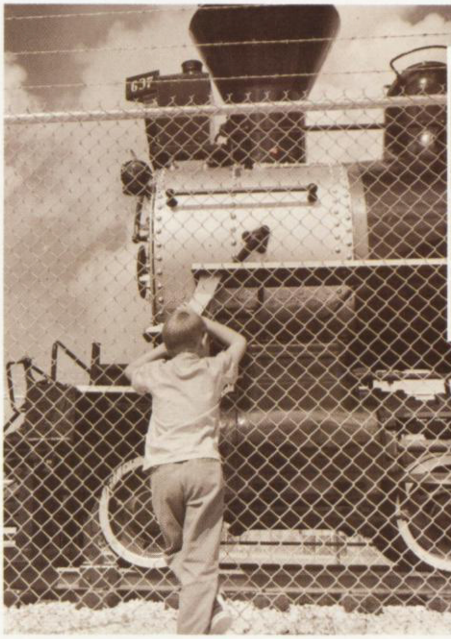
The application for removal of Trains 15 and 2 between Chicago and Galesburg, Illinois, filed August 9, 1961, still is pending before the Illinois Commerce Commission.

Other lightly-patronized trains are under active study for a reduction of service or possible removal.

STEAM LOCOMOTIVES PLACED ON EXHIBITION

The placing of steam locomotives at important locations along the route of the railroad has resulted in favorable acclaim by citizens of the various communities. Additionally, it is the hope of the Company that these reminders of the noble Iron Horse will provide future generations graphic evidence that the railroads, characterized by the steam locomotive, provided an all-important civilizing influence and spur to progress during our nation's growth to greatness. This year, three steam locomotives were presented to communities: a Hudson type 4000, built in 1930, to LaCrosse, Wisconsin; an 1892 ten-wheeler, No. 637, to Aurora, Illinois; and No. 5629, a 1940 Northern, to the Colorado Railroad Museum, Golden, Colorado.

President Harry C. Murphy was speaker when No. 637 was presented to Aurora.



Youngster gazes wistfully at steam locomotive No. 637 after it had been presented to Aurora, Illinois.

OPERATIONS

Total operating expenses increased $656,039 or 0.32 per cent over last year, with a decrease of $1,720,854 or 0.65 per cent in total operating revenues.

Maintenance of Way and Structures expenses, excluding depreciation and retirements, increased $777,543 or 2.55 per cent. Some of the important maintenance performed during the year was:

70.51 miles of track relaid with 136-pound rail, of which 58.13 miles were continuous welded rail.

43.18 miles of track relaid with second-hand rail.

276,759 new creosoted cross ties placed in track.

465,792 cubic yards of ballast applied.

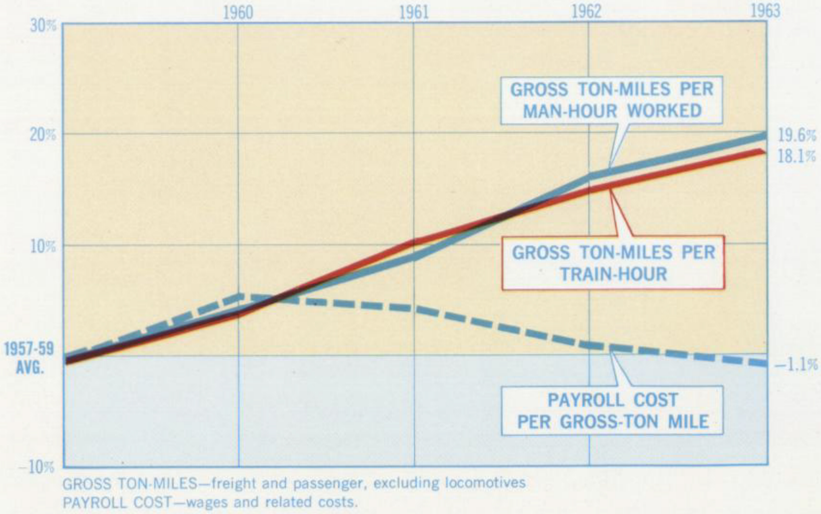
Maintenance of Equipment expenses, excluding depreciation and retirements, decreased $2,083,325 or 5.97 per cent.

Transportation expenses increased $1,130,712 or 1.10 per cent. Freight train miles decreased 125,330 or 1.05 per cent. Passenger train miles decreased 257,366 or 3.04 per cent.

Capital Expenditures in 1963:

	Gross	Retirements	Net
Road	$ 1,282,931	$ 1,861,946	Cr. $ 579,015
Equipment	27,097,797	7,121,958	19,975,839
General	Cr. 19,545	11,479	Cr. 31,024
Construction work in progress	2,229,940	....	2,229,940
Total	$30,591,123	$ 8,995,383	$21,595,740

Productivity and payroll cost.



GROSS TON-MILES—freight and passenger, excluding locomotives
PAYROLL COST—wages and related costs.

Above: Flat cars, specially equipped in company shops, carry five miles of continuous welded rail in each of two 29-car trains.

Below: Unloading new 136-pound continuous welded rail.

365
EJ&E
Lane Vast

IMPROVEMENTS

ROAD

Major Improvements Completed During 1963:

Installed a 90,000 gallon water tank at 14th Street Coach Yard, Chicago, Illinois, to provide an adequate secondary water supply for the power plant, laundry, and demineralizing plant, permitting more efficient service operations in the yard.

Extended additional streets and utilities in industrial property at North Kansas City, Missouri, and Montgomery, Illinois, to serve traffic-producing industries acquiring land for construction of industrial facilities.

Replaced 50-foot through plate girder span bridge over Dillon Creek near Amazonia, Missouri, with a 75-foot through plate girder span to provide longer channel span to adequately handle the constant channel changes.

Replaced two bridges carrying main line and yard traffic over 36th Street at South Omaha, Nebraska, in connection with highway widening project.

Rearranged trackage in connection with the Norton Dam and Reservoir Project on Prairie Dog Creek near Norton, Kansas, to provide improved flood protection.

Remodeled office facilities in freighthouse at St. Louis, Missouri, to eliminate need for lease of space in other buildings.

Installed new drawrest protection on Bridge 117.35 over Illinois River at Beardstown, Illinois.

Major Improvements Under Construction:

Ogden-Cicero Interchange Project at Cicero, Illinois, in conjunction with Illinois Highway Department, to widen six-track bridge structure, provide additional underpass and new passenger station.

One-spot freight car repair centers at Galesburg and East St. Louis, Illinois, to provide improved efficiency.

Overhead highway crossings at Flagler and Albia, Iowa, in connection with the State of Iowa's program to eliminate busy grade crossings.

Single track line jointly with the Wabash Railroad in connection with U. S. Government's Red Rock Dam and Reservoir Flood Control Project on the Des Moines River near Des Moines, Iowa.

Jumbo hopper cars, being loaded at mine in Southern Illinois.

Unloading at Northern States Power Company's Riverside generating plant, Minneapolis, Minnesota.

LOW COST TRANSPORTATION IN ACTION

In July 1963, the Burlington Railroad took delivery of 200 jumbo-size hopper cars for carrying coal from Illinois, Missouri, and Wyoming.

The 100-ton capacity cars are the largest yet placed in service on the Burlington. All cars are equipped with roller bearings.

These cars are handling high-volume, low-rate coal shipments between coal fields in Burlington territory and consuming centers such as Chicago, Illinois, St. Louis, Missouri, Omaha, Nebraska, Minneapolis, Minnesota, and the Tennessee Valley Authority plant at Chiles, Kentucky.

These high-capacity cars make it possible to handle these shipments at less cost than with smaller capacity cars and establish the railroad in the coal hauling business as a true low-cost carrier.

Rearrangement of trackage and construction of new station in connection with the Carlyle Dam and Reservoir Flood Control Project on the Kaskaskia River near Keyesport, Illinois.

Relocation of trackage in connection with the Yellowtail Dam and Reservoir Flood Control Project at Kane, Wyoming.

Remodeling existing Burlington mail terminal facilities and installing additional conveyors in connection with construction of new U. S. Post Office Terminal Building at Omaha, Nebraska, to make railroad mail handling facilities compatible with mechanical system at new Post Office and to retain competitive advantage in handling U. S. mail at Omaha.

Construction of a three-track progressive diesel maintenance shop with supporting component repair facilities, including necessary track changes, at Lincoln, Nebraska, to provide improved utilization of motive power.

SIGNALING

Major Items Completed During 1963:

Extended centralized traffic control through the Eola interlocking to West Eola, Illinois.

Converted mechanical interlocking at Crawford, Wisc., to remote control.

Extended centralized traffic control from Ports to Prairie du Chien, Wisc.

Installed remote control of Galena Junction interlocking from Aurora, Ill.

Installed "hot box" detectors at Milepost 142 west of Galva, Illinois.

Replaced mechanical interlocking with remote control at Fremont, Nebr.

Replaced mechanical interlocking with automatic interlocking at Litchfield (Winston), Illinois.

Installed broken flange detector in Murray Yard at No. Kansas City, Mo.

Relocated centralized traffic control machine from Red Oak to Pacific Junction, Iowa.

Major Items Under Construction:

Installation of centralized traffic control from Aurora to Galesburg, Ill.

Installation of "hot box" detectors at Milepost 194 east of Gladstone, Ill.

COMMUNICATIONS

Installed dispatcher controlled wayside radio at six locations between Savanna, Illinois, and North LaCrosse, Wisconsin.

Installed base radio station and equipped one switch engine with radio for use at North LaCrosse, Wisconsin.

Installed dispatcher controlled radio station at West Alton, Missouri.

Placed in service additional telephone carrier circuits between Chicago and Denver.

EQUIPMENT PLACED IN SERVICE

Built in Company Shops:

500 box cars—50′6″ 70-ton all steel, roller bearing, with 15′ door openings.
150 box cars—50′6″ 70-ton all steel, roller bearing, "DF," insulated.
100 box cars—50′6″ 70-ton all steel, roller bearing, insulated, with load dividers.
100 box cars—50′6″ 70-ton all steel, roller bearing, single sheath, with 14′ door openings.
25 box cars—40′6″ 50-ton all steel, roller bearing, "DF."
50 refrigerator cars—50′6″ 70-ton all steel, roller bearing, mechanical, with meat rails.
50 refrigerator cars—50′6″ 70-ton all steel, roller bearing, mechanical, with compartmentizers.

Purchased New:

8 locomotives—2250 h.p. GP-30 Diesel-electric road units.
4 locomotives—2500 h.p. GP-35 Diesel-electric road units.
200 hopper cars—48′ 100-ton all steel, roller bearing, open top.
190 hopper cars—46′ 100-ton all steel, roller bearing, covered.
10 hopper cars—41′3″ 100-ton all steel, roller bearing, center flow, covered.
50 box cars—60′9″ 100-ton all steel, roller bearing.
12 containers—24′ insulated, with 4 sets of car bolsters and cushion rails.
29 TTX bi-level superstructures.
6 TTX tri-level superstructures.

EQUIPMENT ACQUISITIONS PLANNED

To be Built in Company Shops in 1964:

700 box cars—50′6″ 70-ton all steel, roller bearing, single sheath, with 14′ door openings.
200 box cars—60′ 100-ton all steel, roller bearing, insulated, with load dividers.
100 box cars—50′6″ 70-ton all steel, roller bearing, insulated, with load dividers.
100 box cars—50′6″ 100-ton all steel, roller bearing, "DF."
150 flat cars—53′6″ 70-ton all steel, roller bearing, with 8′6″ bulkheads.
50 gondola cars—65′ 70-ton all steel, roller bearing, mill type high side, with removable roofs.
50 gondola cars—65′ 70-ton all steel, roller bearing, mill type high side.
1 hopper car—100-ton roller bearing, quick dump, aluminum, open top, (prototype).

EQUIPMENT ACQUISITIONS PLANNED *(continued)*

To be Purchased in 1964:

18 locomotives—2500 h.p. GP-35 Diesel-electric road units.
6 passenger cars—suburban, double deck, cab control.
200 hopper cars—49′7″ 100-ton all steel, roller bearing, open top.
100 hopper cars—50′ 100-ton all steel, roller bearing, covered, 4500 cu. ft. capacity.
25 hopper cars—48′11″ 100-ton all steel, roller bearing, air slide, covered, 4180 cu. ft. capacity.
64 box cars—50′6″ 70-ton all steel, roller bearing, hydraulic cushioning, "DF."
25 box cars—86′6″ automobile parts.
1 box car—60′9″ 100-ton all steel, roller bearing, "DF."
100 semi-trailers—40′ refrigerator.
36 containers—24′ insulated, with 4 sets of car bolsters and cushion rails.
12 chassis for 24′ insulated containers.
50 way cars—all steel, radio equipped.

LABOR

On January 3, 1963, the Order of Railway Conductors and Brakemen served notices nationally for a 10 per cent increase in rates of pay plus health, welfare, and life insurance. These notices were handled concurrently with similar notices served in 1962 by the Brotherhood of Railroad Trainmen. Tentative understanding was reached in December 1963 disposing of these notices. The understanding provides that the railroads will pay $23.00 per month for insurance coverage, effective January 1, 1964, for each qualified employe.

Agreement was made nationally during 1963 with the Railroad Yardmasters of America disposing of requests made in notices served in 1962. The agreement followed the pattern set earlier with the non-operating organizations following recommendations of a Presidential Emergency Board, and provided wage increases of $8.00 a month retroactive to March 3, 1962, and an additional 2½ per cent per month retroactive to May 1, 1963.

On February 1, 1963, the Brotherhood of Railroad Signalmen served demands nationally for a 25 per cent increase in rates of pay. The dispute has been submitted to a Presidential Emergency Board.

On May 31, 1963, the non-operating organizations served notice nationally of desire to revise existing agreements to include (1) expanded vacation privileges; (2) two additional paid holidays per year; (3) extended health, welfare and life insurance; and (4) a job stabilization agreement. In addition, the Brotherhood of Railway Clerks, the Brotherhood of Maintenance of Way Employes, and the Order of Railroad Telegraphers have requested that all rates be increased by 29 cents per hour, and for the Shop Crafts 10 per cent plus 14 cents per hour.

Top: An operator changes reels of magnetic tape on one of a bank of eight tape drives.

Above: An operator directs the loading of a program from the console of the IBM 1410 system.

Below left: The high-speed 600 line a minute IBM 1403 printer producing a final report.

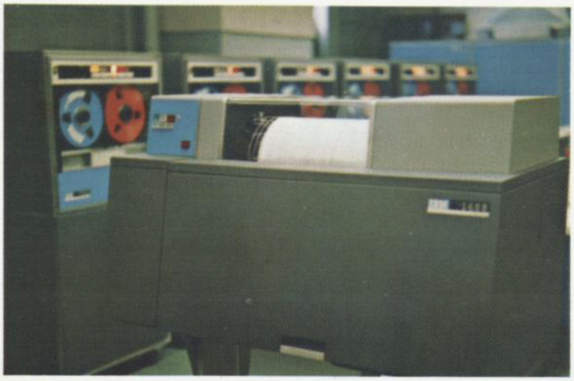
Below right: The IBM 1401 simultaneously controlling printout on the 1403 printer and producing summary cards on the 1402 Read-Punch unit (not shown) from edited tape.

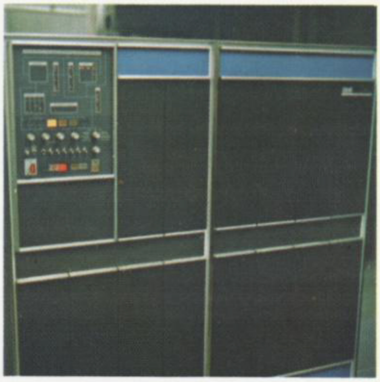
MODERN METHODS IN A COMPETITIVE WORLD

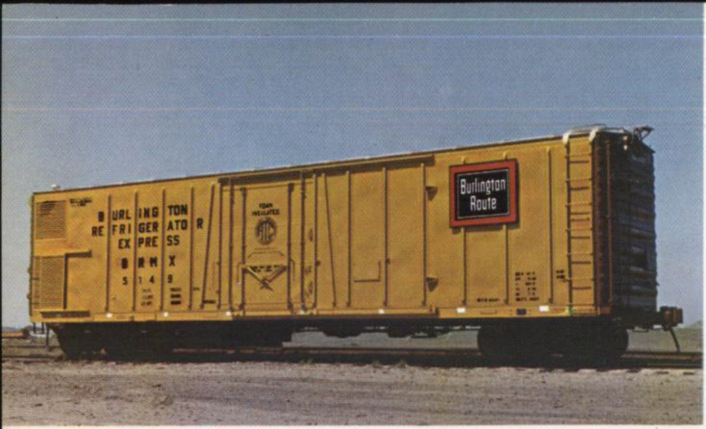
Like the modern railroad, computers are part and parcel of the competition that makes for progress and marks the efficiency of today's Burlington Railroad.

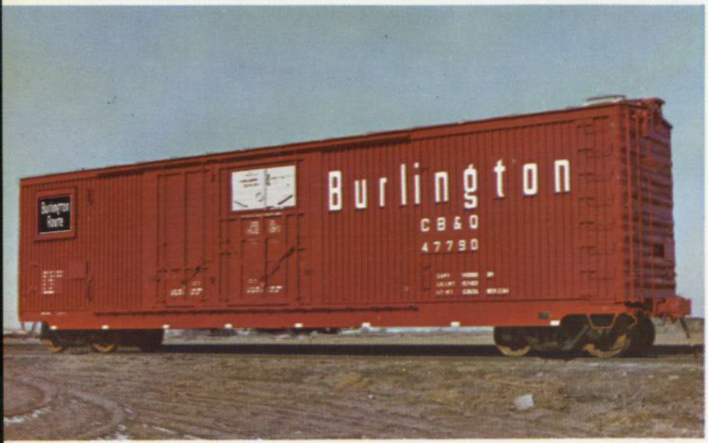
During 1963, installation of an IBM 1410 computer system was completed, utilizing an IBM 1401 satellite computer for input of data from punched cards to magnetic tape. This system is used to process data for the accounting of freight car movements, settlement of per diem and mileage payments, and related statistics.

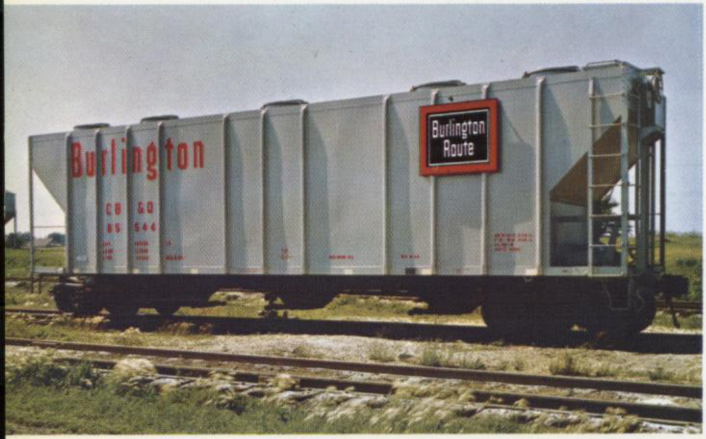
Analysis of work problems and programming of additional computer applications are in progress to effect the maximum utilization of these machines. Additional procedures will be converted to the magnetic tape system to further improve data processing and also to furnish management with information not previously available.






BURLINGTON REFRIGERATOR EXPRESS
BRMX
5149
Burlington Route


Burlington
CB&Q
47790
Burlington Route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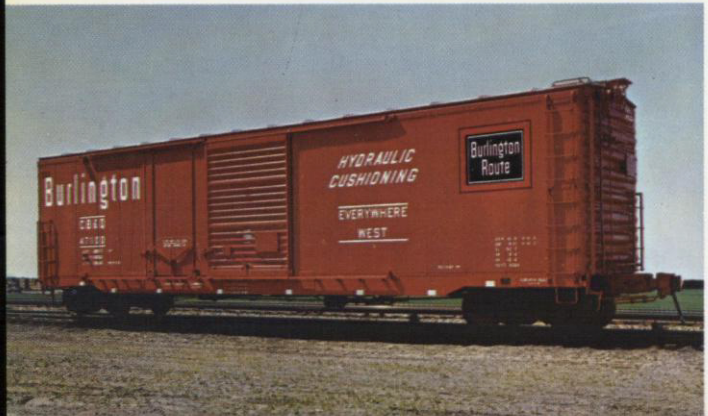
CB&Q
85544
Burlington Route


Burlington
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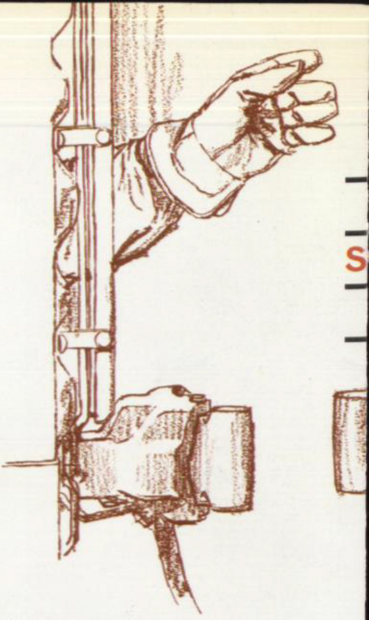
47180
HYDRAULIC CUSHIONING
EVERYWHERE WEST
Burlington Route



At left, top to bottom:

Mechanical refrigerator car. Foam-in-place insulation. Unit maintains interior temperatures from —10°F to +70°F. Cap: 2927 cubic feet.

Double door box car. Nailable steel flooring. Single sheathed construction. Eight-foot and six-foot plug doors; grain access doors. Cap: 5080 cubic feet.

Covered hopper car. Five round loading hatches. Capacity: 4000 cubic feet.

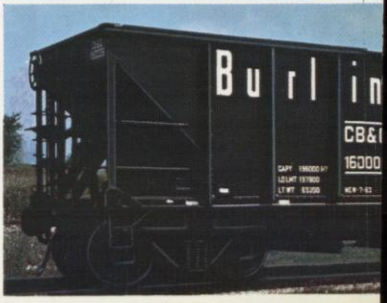
Double door box car. Nailable steel flooring, metal interior, hydraulic cushioning. Eight-foot door, plus seven-foot plug door. Cap: 5064 cubic feet.

Below: Photos top to bottom:

Double door box car. 60′9″ auto par
cushioning. Interior rub rails. Two eig

Jumbo open-top hopper car. One hund

Burlington
CB&Q
9824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CB&
16000

NEW
PECIAL-PURPOSE
FREIGHT CARS

At right, top to bottom:

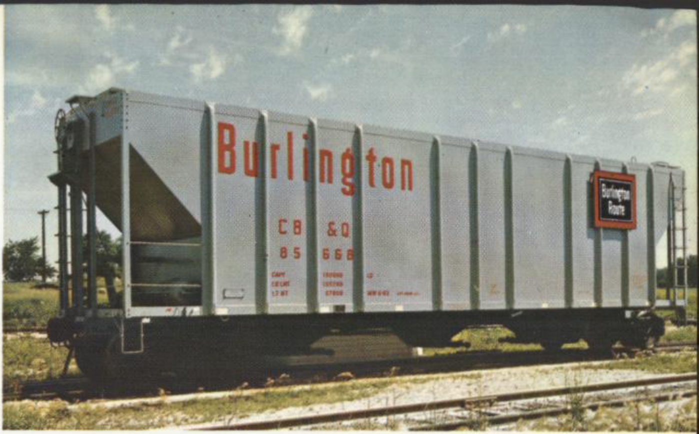
TROUGH-TYPE COVERED HOPPER CAR. Capacity: 4000 cubic feet.

INSULATED BOX CAR. Foam-in-place insulation and hydraulic cushioning. Load dividers and side fillers. Ten-foot plug doors. Capacity: 4675 cubic feet.

CENTER-FLOW COVERED HOPPER CAR. One hundred ton cars. Capacity: 3510 cubic feet.

DOUBLE DOOR BOX CAR. Shock Control hydraulic cushioning. Nailable steel flooring. Metal interior siding. Seven-foot and eight-foot corrugated doors. Capacity: 5064 cubic feet.

car. One hundred ton car, hydraulic
-foot doors. Capacity: 5991 cubic feet.
d ton car. Capacity 3209 cubic feet.


Burlington
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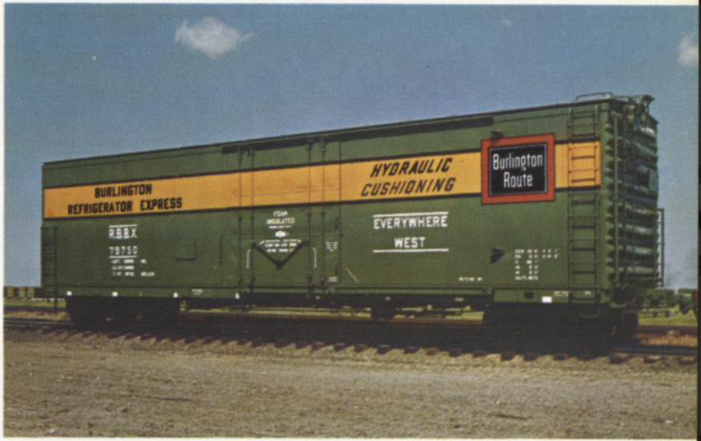
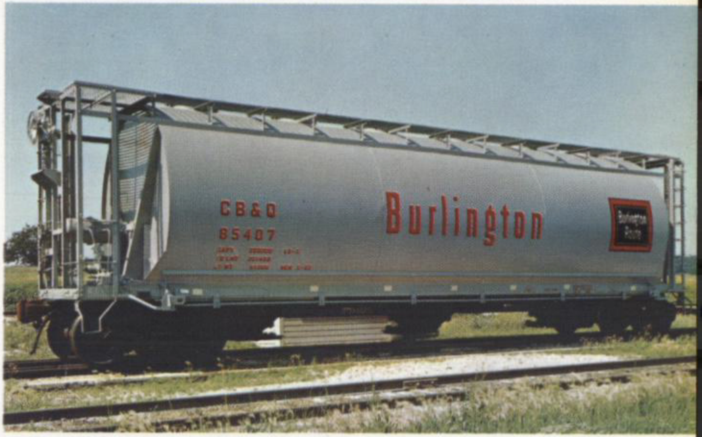

BURLINGTON REFRIGERATOR EXPRESS
HYDRAULIC CUSHIONING
Burlington Route
RBBX
79750
EVERYWHERE WEST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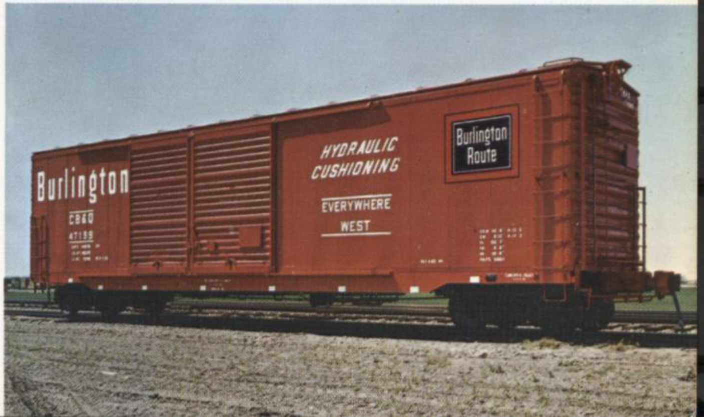

Burlington
CB&Q
47199
HYDRAULIC CUSHIONING
EVERYWHERE WEST
Burlington Route

All of these organizations request additional wage increases of 3½ per cent each year thereafter, with adjustments November 1 and May 1 each year in conformity with a cost-of-living index. These requests are being handled on a national level. Similar demands were also received from other smaller groups of employes.

Under date of November 12, 1963, the Brotherhood of Locomotive Engineers served demands on the nation's railroads for (1) a minimum daily rate of pay of $40.00 for engineers and $35.00 for firemen, (2) a health and welfare plan for employes and their dependents, (3) a life insurance plan in the amount of $10,000, and (4) a supplemental pension plan providing for not less than $200.00 per month. On December 2, 1963, the Brotherhood of Locomotive Firemen and Enginemen served demands on the nation's railroads for (1) a 25 per cent increase in basic rates of pay with a daily earnings minimum of $40.00 for engineers and $35.00 for firemen, (2) a health and insurance program including a $10,000 life insurance policy, and (3) the establishment of a supplemental pension plan. These demands are being handled on a national level.

In the operating rules case, following a report by a Presidential Emergency Board on May 13, 1963, which generally endorsed the principles and recommendations of the report made by the Presidential Study Commission in February 1962, there followed further negotiations and mediation efforts under the auspices of the office of the Secretary of Labor. There appearing to be no progress being made in the matter, the railroads announced plans to place into effect their original proposed rules dated November 2, 1959, which they were free to do under the provisions of the Railway Labor Act. The organizations served notice that if such action were taken they would call a strike to become effective at the same time.

On August 28, Congress enacted legislation which created an Arbitration Board to settle the firemen and crew consist issues, and instructed the parties to resume negotiations on the other issues in dispute. The Arbitration Board filed its award on November 26, 1963.

Briefly, the award provides that firemen with less than two years' seniority will have their employment terminated, those with two to ten years' seniority will retain rights but may be offered comparable jobs in other crafts which they must accept or terminate their service, and firemen with more than ten years of service retain rights to continue in service as firemen, subject to attrition. Severance allowances or guaranteed earnings, as appropriate, are provided for many of those affected by the award.

LABOR *(continued)*

The crew consist issue involving yard and train crews was remanded to the local properties with provision for negotiations and, if unable to reach agreement, for submission on the individual properties to binding arbitration through a Special Board of Adjustment procedure, with certain guide lines to be considered by the Board in making their decision which shall be final and binding.

The labor unions filed suit in the U. S. District Court of the District of Columbia seeking (1) to impeach the award of the Arbitration Board and (2) a declaration that Public Law 88-108 creating the Board is unconstitutional and the award therefore invalid and an injunction against the application of the award. On January 8, 1964, the Court ruled that the award made by the Arbitration Board was valid and that Congress had power to order the arbitration. The labor unions appealed this decision and on February 20, 1964, the U. S. Court of Appeals upheld the constitutionality of the railroad arbitration law and the Board award.

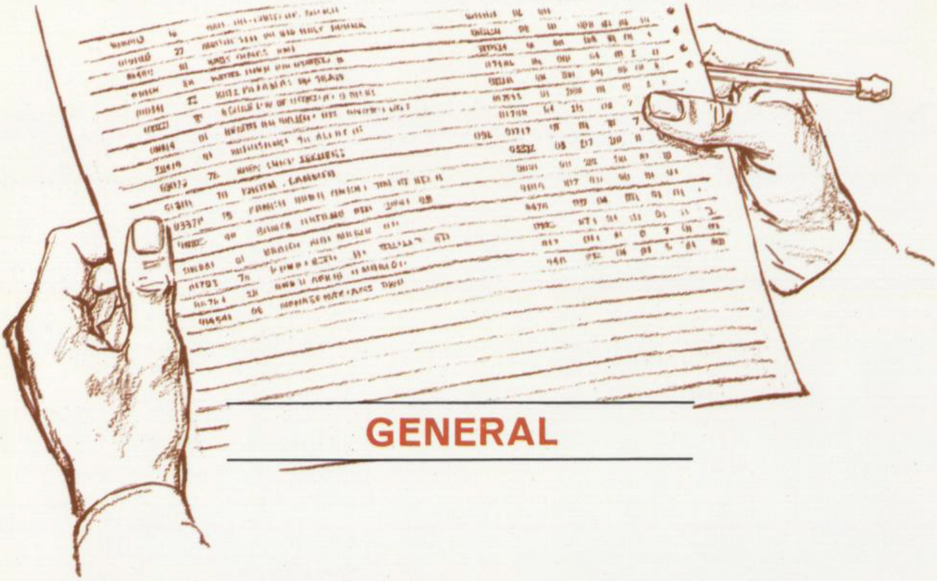
LINE ABANDONMENTS

During the year, the Interstate Commerce Commission authorized abandonment of 16.93 miles of track between Tracy and Des Moines, Iowa, in connection with U. S. Government's Red Rock Reservoir Project.

Various low density branch lines are under active study for possible abandonment proceedings.

Burlington

Burlington's
Coordinated
Freight
Service



GENERAL

DEBT

During 1963, capital liabilities of the Company increased $4,357,731.

	Increase	Decrease	Net
Funded Debt	$ —	$4,770,000	$4,770,000 Decrease
Equipment Obligations	22,050,000	12,922,269	9,127,731 Increase
Total	$22,050,000	$17,692,269	$4,357,731 Increase

DIVIDENDS

Dividends totaling $7.50 per share were paid in 1963, the ONE HUNDRED AND SECOND CONSECUTIVE YEAR in which the Company has paid a dividend.

TAXES

Taxes in 1963 decreased $1,162,544 compared with 1962:

Federal Income Taxes	$ 3,875,062	$ 287,416 Increase
Federal Railroad Retirement Taxes	7,173,034	75,231 Decrease
Federal Unemployment Taxes	3,905,970	94,684 Decrease
State and Miscellaneous Taxes	7,772,469	2,425,174 Decrease
Income Account (Page 39)	$22,726,535	$2,307,673 Decrease
Federal Income Taxes Charged to Retained Income	143,962	1,145,129 Increase
Total Taxes	$22,870,497	$1,162,544 Decrease

TAXES *(continued)*

The Company continued to take advantage of Federal income tax reductions resulting from the investment credit and use of guideline lives with accelerated methods of depreciation allowed under the Internal Revenue Code. These reductions were offset in part by increased income tax liability due to less depreciation in the current year on property which was amortized for tax purposes over a 60-month period in prior years. The effects on Federal income tax liability for the years 1963 and 1962 were as follows:

	(Decrease) or Increase in Tax Liability	
	1963	1962
Investment Credit	($1,498,008)	($1,234,061)
Accelerated Depreciation	(8,771,263)	(8,133,207)
Amortization	1,839,596	1,017,475
Net *reduction* in current income taxes (producing *increase* in net income)	($8,429,675)	($8,349,793)
Effect per Share of Stock	$ 4.93	$ 4.89

As of December 31, 1963, the cumulative net reductions in Federal income taxes and increases in net income for the year 1963 and prior, due to deductions for depreciation and amortization allowed for tax purposes in excess of such amounts accrued in the accounts, amount to approximately $59,000,000.

Burlington pays substantial property taxes to thousands of local school districts, cities, and other taxing districts, while competing forms of transportation contribute little, if any, similar tax support for such school districts, police and fire departments, and other local governmental units.

Serious problems have been encountered in several states because of the failure of assessing authorities to equalize railroad property assessments on approximately the same level as other property in the same taxing districts. Almost one-third of Burlington's annual property taxes are paid to local taxing districts in Illinois, and because discrimination was evident in the Illinois assessment, Burlington sought relief in the courts. After extensive litigation, the Illinois Supreme Court held that the Company was entitled to a refund of excessive taxes paid because of the unlawful discrimination.

Burlington's refund settlements to December 31, 1963, aggregate $4,839,000, of which $2,400,384 was received in 1963. Partial settlements have been made in approximately three-fourths of the 45 Illinois counties served by Burlington.

A further result of this litigation has been the amendment of the Illinois law relating to assessment of railroad property for tax purposes. In 1963, the Legislature provided that the Illinois Department of Revenue, which assesses railroads, must find an equalized assessed value for railroad properties which bears approximately the same relation to full value as the assessed value of other property in Illinois bears to full value. This has been shown to be approximately 50 per cent. Thus, commencing with 1963 taxes, payable in 1964, Burlington's property taxes in Illinois will be reasonably in line with those of other property owners.

Total taxes in 1963 amounted to 8.74 per cent of total operating revenues, equivalent to $13.39 per share of capital stock.

EMPLOYE BENEFITS

During 1963, a total of $11,846,265 was paid to or for the benefit of employes and their families.

The Burlington Relief Department, an employe supported organization, paid to employes and their beneficiaries $767,261 for disability and death claims, compared with similar payments of $833,707 in 1962, a decrease in 1963 of $66,446 or 7.97 per cent.

The Railroad paid Federal taxes amounting to $7,173,034 for retirement and survivor benefits under the Railroad Retirement Act. Similar taxes in 1962 were $7,248,265, a decrease in 1963 of $75,231 or 1.04 per cent. The tax base under the Railroad Retirement Act was increased from $400 to $450 a month effective November 1, 1963.

The Railroad paid Federal taxes amounting to $3,905,970 for employes' unemployment, sickness, and maternity benefits under the Railroad Unemployment Insurance Act. These taxes in 1962 amounted to $4,000,654, a decrease in 1963 of $94,684 or 2.37 per cent.

BURLINGTON TRUCK LINES, INC.

Burlington Truck Lines, Inc., a wholly-owned subsidiary, operates more than 9,800 route miles in an eight-state area, providing scheduled highway service for less-truck-load and truck-load shippers, including interline service with other common motor carriers. Burlington Truck Lines also handles rail-billed less-than-carload traffic in substituted highway service for the CB&Q, performs pick-up and delivery in 53 cities, at all other points over which peddle runs are operated, and for rail-billed truck loads at 40 of 49 ramp locations. Total operating revenues for 1963 were

$16,598,762, compared to $16,686,122 for 1962, a decrease of 0.52 per cent. Net income for 1963 was a deficit of $692,629, compared to a deficit of $994,258 for 1962, a decrease in deficit of 30.33 per cent. Deficit for 1963 includes non-recurring charges of $386,283.

	1963	1962	Increase
Tons per Intercity Highway Mile Operated (Average Load)	9.49	9.20	.29
Revenue per Ton-Mile	$ .0775	$ .0721	$ .0054
Ton Miles per Ton (Average Haul)	323.15	319.82	3.33

MERGER

The proposed merger of Burlington, Great Northern, and Northern Pacific, submitted to the Interstate Commerce Commission for approval by Application dated February 17, 1961, was described and discussed in Annual Reports for 1960, 1961 and 1962. Public hearings were concluded July 10, 1962, and briefs submitted January 4, 1963. Since then, Examiner Robert H. Murphy has been engaged in preparation of a proposed report which is expected shortly. It will be followed by briefs supporting or attacking the Examiner's recommendations and, later, by oral argument before the Commission. A final report is expected late in 1964 or early in 1965.

Although our merger was dormant during 1963, other events on the railroad merger front were encouraging. After extensive litigation, the Supreme Court of the United States, on December 9, 1963, upheld an order of the Commission approving control of the Baltimore and Ohio Railroad by the Chesapeake and Ohio Railway. Certain railroad labor organizations had sought to block the transaction on the grounds, among others, that conditions imposed for the protection of employes were inadequate, and that the Commission erred in failing to consolidate the control case with other pending merger applications. These contentions were rejected by the courts.

On December 2, 1963, the Commission approved merger of the Seaboard Air Line Railroad Company and Atlantic Coast Line Railroad Company, two railroads which have "enjoyed a moderate degree of prosperity" and are "currently in a relatively healthy condition." The Commission recognized the fact that the Seaboard-Coast Line merger would bring about a "a significant reduction in rail competition," but said that this is "less significant when we consider the increasingly strong competition that the merged company will encounter from other modes of transportation."

These pronouncements by the Commission tend to uphold the facts and arguments presented at public hearings in support of our application.

CHANGES IN ORGANIZATION

The Company records with deep regret the loss by death of—

Mr. J. J. McGarry, *Freight Traffic Manager—Lines West.*
Mr. Holly Stover, *Executive Assistant to the President.*

The following system officers retired under the pension rules:

Mr. F. L. Kartheiser, *Vice President—Executive Department*, April 30, 1963, after more than 50 years of service.

Mr. J. D. Rezner, *Mechanical Assistant to Vice President—Operation*, May 31, 1963, after 47 years of service.

Mr. L. F. Annable, *Director, Employe Benefit Services*, July 31, 1963, after 47 years of service.

Mr. E. W. Gibson, *Engineer Capital Expenditures*, December 31, 1963, after 39 years of service.

Appointments during the year:

Mr. J. J. Alms, *Assistant Vice President—Executive Department*, May 1, 1963.

Mr. C. E. Larsen, *Freight Traffic Manager—Lines West*, June 16, 1963.

Mr. R. E. Taylor, *Chief Mechanical Officer*, June 16, 1963.

Mr. H. T. Mann, *Director, Employe Benefit Services*, August 1, 1963.

Mr. F. J. Dillon, *Director Data Processing*, November 1, 1963.

Mr. E. R. Craven, *General Superintendent Transportation*, December 16, 1963.

* * *

The Company acknowledges, with sincere appreciation, the loyalty and efficient services of officers and employes.

By order of the Board of Directors.

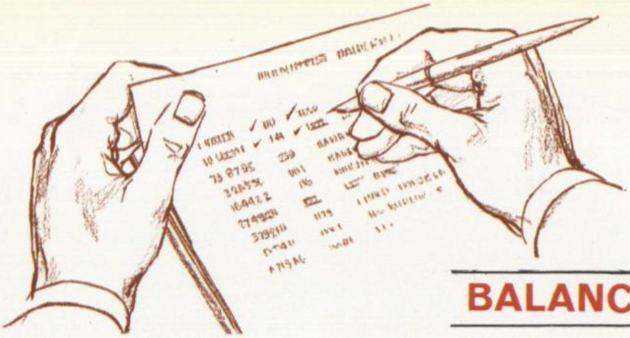
H. C. MURPHY, President

COMPARATIVE STATEMENT OF INCOME

Years Ended December 31 (See Pages 50 to 52)

Percent of Ry. Oper. Revenue	1963		1962	Percent of Ry. Oper. Revenue
		Railway Operating Revenues		
81.51	$213,322,099	Freight	$213,428,177	81.02
7.90	20,677,819	Passenger	22,043,503	8.37
5.17	13,529,225	Mail	13,562,010	5.15
1.27	3,316,639	Express	3,566,575	1.35
1.84	4,823,049	All other transportation	4,831,390	1.83
1.72	4,507,470	Incidental	4,665,471	1.77
.59	1,537,383	Joint Facility	1,337,412	.51
100.00	261,713,684	Total railway operating revenues	263,434,538	100.00
Operating Ratios		**Railway Operating Expenses**		**Operating Ratios**
13.91	36,401,611	Maintenance of way and structures	35,748,927	13.57
18.23	47,713,161	Maintenance of equipment	48,667,939	18.47
3.05	7,977,972	Traffic	7,852,971	2.98
39.75	104,042,677	Transportation	102,911,965	39.07
1.18	3,094,416	Miscellaneous operations	3,456,764	1.31
3.57	9,325,289	General	9,260,521	3.52
79.69	208,555,126	Total railway operating expenses	207,899,087	78.92
20.31	53,158,558	Net revenue from railway operations	55,535,451	21.08
	3,875,062	Federal income taxes	3,587,646	
	11,079,004	Federal payroll taxes	11,248,919	
	7,772,469	All other taxes	10,197,643	
	*22,726,535	Total taxes	*25,034,208	
	30,432,023	Railway operating income	30,501,243	
	Dr. 2,991,346	Hire of equipment—Net	Dr. 3,934,702	
	Dr. 2,360,054	Joint facility rents—Net	Dr. 2,226,589	
	25,080,623	Net railway operating income	24,339,952	
		Other Income		
	1,357,356	Rentals	1,367,714	
	2,070,809	Dividends and interest	1,685,171	
	950,705	Miscellaneous	1,239,434	
	4,378,870	Total other income	4,292,319	
	29,459,493	Total income	28,632,271	
		Deductions from Total Income		
	29,922	Rents payable	33,769	
	190,362	Taxes on nonoperating property	247,594	
	225,016	Miscellaneous income charges	338,380	
	445,300	Total deductions	619,743	
	29,014,193	Income available for fixed charges	28,012,528	
		Fixed Charges		
	66,064	Rent for leased roads and equipment	65,567	
	7,492,327	Interest on funded debt	7,452,780	
	809	Interest on unfunded debt	3,463	
	87,345	Amortization of discount on funded debt	77,814	
	7,646,545	Total fixed charges	7,599,624	
	$21,367,648	Net income	$20,412,904	

*See Page 34 to 36 "Taxes"



BALANCE SHEET

Assets

	1963	1962
CURRENT ASSETS:		
Cash	$ 12,746,137	$ 12,092,956
Temporary cash investments	41,240,508	36,133,045
Special deposits	147,424	114,964
Loans and notes receivable	16,523	8,200
Net balance receivable from agents and conductors	6,389,553	5,740,578
Miscellaneous accounts receivable	9,746,225	10,229,791
Interest and dividends receivable	544,819	306,655
Accrued accounts receivable	12,804,532	8,071,058
Working fund advances	128,237	128,284
Prepayments	98,270	107,489
Material and supplies	16,632,059	19,617,697
Other current assets	1,137,422	276,819
Total current assets	101,631,709	92,827,536
SPECIAL FUNDS:		
Sinking funds	1,732	1,732
Capital and other reserve funds	4,636,729	2,247,305
Insurance and other funds	1,619,134	1,235,441
Total special funds	6,257,595	3,484,478
INVESTMENTS:		
Investments in affiliated companies (Page 43)	41,135,244	41,451,405
Other investments	212,417	23,559
Total investments	41,347,661	41,474,964
PROPERTIES:		
Road and equipment property	972,650,537	951,054,797
Accrued depreciation and amortization	285,411,349	271,231,372
Total transportation property less recorded depreciation and amortization	687,239,188	679,823,425
Miscellaneous physical property	11,439,443	9,875,910
Total properties less recorded depreciation and amortization	698,678,631	689,699,335
OTHER ASSETS AND DEFERRED CHARGES:		
Other assets	917,777	1,069,573
Unamortized discount on long-term debt	773,325	585,502
Other deferred charges	4,656,936	3,944,949
Total other assets and deferred charges	6,348,038	5,600,024
Grand Total	$854,263,634	$833,086,337

December 31, 1963 & 1962

Burlington Route

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Liabilities & Shareholders' Equity

	1963	1962
CURRENT LIABILITIES:		
Traffic and car-service balances—Cr.	$ 1,004,841	$ 1,068,029
Audited accounts and wages payable	8,128,972	6,394,975
Miscellaneous accounts payable	3,435,512	3,026,307
Interest matured unpaid	373,820	420,021
Unmatured interest accrued	2,458,604	2,364,971
Accrued accounts payable	14,570,043	12,440,290
Federal income taxes accrued	2,949,014	1,801,051
Other taxes accrued	8,297,806	9,810,673
Other current liabilities	7,305,188	4,255,485
Total current liabilities (exclusive of long-term debt due within one year)	48,523,800	41,581,802
LONG-TERM DEBT DUE WITHIN ONE YEAR:		
Funded debt (Page 46)	311,000	699,290
Equipment obligations (Page 46)	13,217,941	12,526,372
Total long-term debt due within one year	13,528,941	13,225,662
LONG-TERM DEBT:		
Funded debt unmatured (Page 46)	120,053,000	124,351,710
Equipment obligations (Page 46)	86,956,358	78,581,690
Amounts payable to affiliated companies	189,787	291,023
Total long-term debt	207,199,145	203,224,423
RESERVES:		
Insurance reserves	2,845,470	2,461,777
Casualty and other reserves	808,393	778,616
Total reserves	3,653,863	3,240,393
OTHER LIABILITIES AND DEFERRED CREDITS:		
Other liabilities	971,623	663,449
Unamortized premium on long-term debt	131	152
Other deferred credits	425,142	389,334
Accrued depreciation—Leased property	164,641	457,414
Total other liabilities and deferred credits	1,561,537	1,510,349
SHAREHOLDERS' EQUITY:		
Capital stock issued		
Common stock—Par value $100 per share	170,839,100	170,839,100
Retained income		
Retained income—Appropriated (Page 42)	48,025,460	48,025,460
Retained income—Unappropriated (Page 42)	360,931,788	351,439,148
Total retained income	408,957,248	399,464,608
Total shareholders' equity	579,796,348	570,303,708
Grand Total	$854,263,634	$833,086,337

Contingent Liabilities: See notes Page 42.

COMPARATIVE STATEMENT OF RETAINED INCOME ACCOUNTS YEARS ENDED DECEMBER 31

	1963	1962	Increase (Decrease)
APPROPRIATED:			
Amount expended in retiring Funded Debt prior to Year 1928	$ 48,025,460	$ 48,025,460	....
UNAPPROPRIATED:			
CREDITS:			
Credit balance at beginning of year	$351,439,148	$344,169,719	$ 7,269,429
Credit balance transferred from income	21,367,648	20,412,904	954,744
Miscellaneous credits	1,081,856	1,603,297	(521,441)
Total	$373,888,652	$366,185,920	$ 7,702,732
DEBITS:			
Dividends	$ 12,812,902	$ 12,812,902	....
Miscellaneous debits	143,962	1,933,870	($ 1,789,908)
Credit balance carried to balance sheet	360,931,788	351,439,148	9,492,640
Total	$373,888,652	$366,185,920	$ 7,702,732

Notes to Financial Statements

Contingent Liabilities:

As of December 31, 1963, Burlington, together with the other proprietors in each case, had guaranteed certain obligations of the following affiliates:

Name of Company	Number of Owners	Obligations Outstanding	Burlington's Per Cent of Ownership	Burlington's Ownership Proportion
The Belt Railway Company of Chicago	12	$ 36,505,000	8⅓	$ 3,042,083
Chicago Union Station Co.	4	49,000,000	25.00	12,250,000
Illinois Terminal Railroad Co.	11	8,716,826	9-1/11	792,439
Kansas City Terminal Railway Co.	12	36,280,000	8-1/3	3,023,333
Packers Car Line Co.	10	2,207,455	19.18	423,390
St. Paul Union Depot Co.	8	10,174,000	12.50	1,271,750
Terminal Railroad Association of St. Louis	15	40,466,575	6.25	2,529,161
Trailer Train Co.	35	104,585,279	2.70	2,823,803
		$287,935,135		$26,155,959

Each of these companies owns property which would be available to creditors in the event of default. If co-guarantors should be called upon for payment and meet their obligations, Burlington's contingent liability would be limited to the amount shown in right-hand column above. Further details appear in Annual Report, Form A, to the I.C.C.

The Company carries a Service Interruption Policy under which it will be entitled to indemnity for certain work stoppage losses. In the event such losses are sustained by other railroads holding similar policies, the Company may be obliged to pay additional premiums subject to a maximum of $3,300,000.

INVESTMENTS IN AFFILIATED COMPANIES

DECEMBER 31, 1963

Name of Company	Percent of Owner-ship	Investment	
		Stocks	Bonds, Notes and Advances
Wholly owned companies:			
Burlington Equipment Company	100	$ 5,000	$ 500,000
Burlington Refrigerator Express Company	100	100,000	....
Burlington Truck Lines, Inc.	100	750,000	405,267
St. Louis and Kansas City Land Company	100	100,000	1,315,922
Jointly owned companies:			
Atchison Union Depot and Railroad Company	37.50	27,000	7,972
Belt Railway Company of Chicago, The	8.33	240,000	205,408
Chicago Union Station Company	25	....	4,638,921
Colorado and Southern Railway Co., The	74.72	22,172,276	578,443
Davenport, Rock Island and North Western Railway Company	50	1,748,182	1,309,319
Denver Market & Produce Terminal, Inc.	20	50,000	238,263
Denver Union Terminal Railway Company, The	16-2/3	5,000	817,619
Illinois Northern Railway	25	250,940	....
Illinois Terminal Railroad Company	9-1/11	1,818	....
Iowa Transfer Railway Company	20	16,100	....
Kansas City Terminal Railway Company	8-1/3	100,000	873,530
Keokuk Union Depot Company	40	8,024	3,972
Minnesota Transfer Railway Company	11-1/9	91,300	309,874
Missouri and Illinois Bridge and Belt Railroad Company	81.82	312,004	405,000
Packers Car Line Company	19.18	6,140	39,893
Paducah & Illinois Railroad Company	33-1/3	3,333	1,704,460
Pullman Company	2.42	595,900	....
REA Express	2.80	2,700	780,719
Saint Paul Union Depot Company, The	12.50	130,475	197,735
Terminal Railroad Association of St. Louis	6.25	....	....
Trailer Train Company	2.70	50,000	36,435
Winona Bridge Railway Company	66-2/3	300	....
		$26,766,492	$14,368,752

STATISTICS OF OPERATIONS

ITEMS	1963	1962
Actual miles road operated, end of year	8,545.96	8,547.23
Average mileage of road operated—Total	8,546.68	8,558.37
Average mileage of road operated—Freight Service	8,511.24	8,522.93
Average mileage of road operated—Passgr. Service	3,671.79	3,682.52
TRAIN MILES		
Freight	11,845,942	11,971,272
Passenger	8,206,889	8,464,255
Total transportation service	20,052,831	20,435,527
Work service	52,193	68,540
LOCOMOTIVE MILES		
Freight	12,126,502	12,237,684
Passenger*	8,272,633	8,455,382
Train and yard switching	6,135,105	6,362,868
Total transportation service	26,534,240	27,055,934
Work service	605,193	626,163
CAR MILES		
Loaded freight cars	530,580,573	534,527,300
Empty freight cars	316,767,376	308,041,417
Sum of loaded and empty	847,347,949	842,568,717
Caboose	11,762,307	12,055,427
Total freight cars	859,110,256	854,624,144
Coach and combination passenger cars	23,938,197	25,280,048
Sleeping and parlor	14,810,464	16,677,239
Club, lounge, dining and observation	8,753,793	9,438,273
Other	35,709,430	35,071,462
Total passenger cars	83,211,884	86,467,022
Total transportation service	942,322,140	941,091,166
Work service	508,591	769,042
FREIGHT SERVICE		
Tons—revenue freight	54,092,128	52,346,451
Tons—revenue and non-revenue freight	55,866,916	54,232,599
Ton-miles—revenue freight	17,646,415,120	17,069,856,315
Ton-miles—revenue and non-revenue freight	18,094,975,400	17,575,318,500
PASSENGER SERVICE		
Passengers carried—revenue	10,842,983	11,304,797
Passenger miles—revenue	800,724,819	853,932,930

*Excludes mileage of combination motor passenger cars:

1963— 27,476
1962—105,123

STATISTICS OF OPERATIONS—Continued

ITEMS	1963	1962
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,392	1,405
Passenger-train miles	2,235	2,298
Transportation service train-miles	2,346	2,388
Transportation service locomotive-miles	3,105	3,161
Freight service car-miles	100,938	100,274
Passenger service car-miles	22,662	23,480
Freight revenue	$25,063.57	$25,041.64
Passenger service train revenue	$10,916.48	$11,400.79
Operating revenues	$30,621.68	$30,780.92
Operating expenses	$24,401.89	$24,291.90
Net operating revenue	$ 6,219.79	$ 6,489.02
Net railway operating income	$ 2,934.55	$ 2,843.99
Ton-miles—revenue freight	2,064,710	1,994,522
Ton-miles—all freight	2,126,009	2,062,122
Passenger-miles—revenue	93,688	99,778
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	44.79	44.65
Empty freight car-miles	26.74	25.73
Ton-miles—revenue freight	1,489.66	1,425.90
Ton-miles—all freight	1,527.53	1,468.12
Passenger train car-miles	10.14	10.22
Revenue passenger-miles	96.35	100.89
Freight revenue	$ 18.01	$ 17.83
Passenger service train revenue	$ 4.88	$ 4.96
Operating revenues	$ 13.05	$ 12.89
Operating expenses	$ 10.40	$ 10.17
Net operating revenue	$ 2.65	$ 2.72
AVERAGES PER LOADED FREIGHT CAR MILE		
Ton-miles—revenue freight	33.26	31.93
Ton-miles—all freight	34.11	32.88
Freight revenue	$ .40205	$ .39928
AVERAGES PER CAR-MILE, PASSENGER		
Passenger-miles—revenue	20.81	20.50
Passenger revenue	$ .53724	$ .52922
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	326.23	326.09
Miles hauled—non-revenue freight	252.74	267.99
Miles hauled—all freight	323.89	324.08
Net Ton-miles per freight car day	1,196	1,100
Miles carried—revenue passengers	73.85	75.54
Revenue per ton of freight	$ 3.94368	$ 4.07722
Revenue per ton-mile of freight	$ .01209	$ .01250
Revenue per passenger	$ 1.90702	$ 1.94992
Revenue per passenger-mile	$ .02582	$ .02581
Operating ratio	79.69	78.92

LONG-TERM DEBT—December 31, 1963

Name and Character of Obligation	Interest Rate %	Maturity Date	Outstanding With Public	Held in Treasury Unpledged
FIRST AND REFUNDING MORTGAGE BONDS				
Series of 1970	4.5	1970	$	$10,140,000
Series of 1970	2.875	1970	(a) 44,624,000	320,000
Series of 1978	4.375	1978	(b) 21,072,000	392,000
Series of 1985	3.125	1985	(c) 33,412,000	3,219,000
Series of 1990	3	1990	(d) 21,256,000	47,000
Series of 1998	4	1998		19,729,000
Total Bonds			$120,364,000	$33,847,000
EQUIPMENT OBLIGATIONS				
Equipment Trust Certificates		Serially to		
1949 No. 1	2.25	1964	$ 107,000	$
1950	2.125	1965	1,020,000	
1953 No. 1	3.25	1968	2,115,000	
1953 No. 2	2.875	1968	1,800,000	
1954 No. 1	2.625	1969	2,930,000	10,000
1954 No. 2	2.625	1969	1,920,000	
1955 No. 1	2.875	1970	4,060,000	
1955 No. 2	3.125	1970	2,030,000	
1956 No. 1	3.125	1971	3,900,000	
1956 No. 2	3.875	1971	1,920,000	
1957	3.75	1972	4,250,000	
1958 No. 1	3.5	1973	2,850,000	
1958 No. 2	3.5	1973	3,040,000	
1958 No. 3	3.375	1973	4,100,000	
1959 No. 1	4.375	1974	2,940,000	
1959 No. 2	4.625	1974	5,170,000	
1959 No. 3	5	1974	2,310,000	
1960	4.625	1975	2,040,000	
1961 No. 1	4.25	1976	7,125,000	
1961 No. 2	4.25	1976	4,000,000	
1961 No. 3	4.125	1976	2,080,000	
1962 No. 1	4.375	1977	5,805,000	
1962 No. 2	4	1977	2,835,000	
1963 No. 1	4	1978	6,090,000	
1963 No. 2	3.875	1978	5,220,000	
1963 No. 3	4	1978	5,250,000	
1963 No. 4	4.125	1978	5,100,000	
Conditional Payment Contracts				
The Northern Trust Co.	4.25	1965	1,509,377	
The Northern Trust Co.	4.25	1964	70,748	
The Northern Trust Co.	4.75	1964	227,807	
The Northern Trust Co. Chicago—Assignee	4.5	1967	929,337	
First National Bank Chicago—Assignee	5	1965	461,309	
Morgan Guaranty Trust Co., New York—Assignee	3.375	1967	4,712,076	
Continental Illinois Nat'l. Bank & Trust Co., Chicago—Assignee	4	1967	256,645	
Total Equipment Obligations			$100,174,299	$ 10,000
Total Long-Term Debt			$220,538,299	$33,857,000

(a) Annual sinking fund $248,825. (b) Annual sinking fund $500,000.

(c) Annual sinking fund $325,000 together with an amount equal to 10% of dividends paid by the Company on its capital stock in the preceding calendar year.

(d) Annual sinking fund $250,000.

CHANGES IN CAPITAL LIABILITIES IN 1963

	Increase	Decrease
Bonds:		
First and Refunding 2⅞% Series of 1970		$ 165,000
First and Refunding 3⅛% Series of 1985		3,442,000
First and Refunding 3% Series of 1990		324,000
First and Refunding 4⅜% Series of 1978		839,000
Principal of Equipment Obligations:		
Equipment Trust of 1948		241,000
Equipment Trust of 1949—No. 1		214,000
Equipment Trust of 1950		680,000
Equipment Trust of 1953—No. 1		470,000
Equipment Trust of 1953—No. 2		360,000
Equipment Trust of 1954—No. 1		490,000
Equipment Trust of 1954—No. 2		320,000
Equipment Trust of 1955—No. 1		580,000
Equipment Trust of 1955—No. 2		290,000
Equipment Trust of 1956—No. 1		520,000
Equipment Trust of 1956—No. 2		240,000
Equipment Trust of 1957—No. 1		500,000
Equipment Trust of 1958—No. 1		300,000
Equipment Trust of 1958—No. 2		320,000
Equipment Trust of 1958—No. 3		410,000
Equipment Trust of 1959—No. 1		280,000
Equipment Trust of 1959—No. 2		470,000
Equipment Trust of 1959—No. 3		210,000
Equipment Trust of 1960—No. 1		170,000
Equipment Trust of 1961—No. 1		570,000
Equipment Trust of 1961—No. 2		320,000
Equipment Trust of 1961—No. 3		160,000
Equipment Trust of 1962—No. 1		430,000
Equipment Trust of 1962—No. 2		210,000
Equipment Trust of 1963—No. 1		210,000
Equipment Trust of 1963—No. 2		180,000
Equipment Conditional Sale Contracts		3,777,269
Securities Issued:		
Equipment Trust of 1963—No. 1	$ 6,300,000	
Equipment Trust of 1963—No. 2	5,400,000	
Equipment Trust of 1963—No. 3	5,250,000	
Equipment Trust of 1963—No. 4	5,100,000	
	$22,050,000	$17,692,269
Net Increase	$ 4,357,731	

First and Refunding Mortgage

The First and Refunding Mortgage is a first lien on 7825.45 miles of main and branch line railroad now owned by the Company including terminals and appurtenent property, situated in the States of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana; is a first lien on all locomotives, cars and other rolling stock and equipment owned by the Company and not subject to any equipment trust or conditional sale agreement securing the purchase price thereof; and also is a first lien on 358,563 shares of capital stock of The Colorado and Southern Railway Company, which are pledged under this Mortgage.

Additional First and Refunding Mortgage Bonds may be issued, subject to the provisions and limitations of the Mortgage and the Supplemental Indentures thereto.

Provisions for the redemption of each series of First and Refunding Mortgage Bonds, and the sinking funds are summarized as follows:

Series of 1970 2⅞% Bonds may be redeemed as a whole, or in part, on any interest date at 101⅞ August 1, 1961 to July 31, 1965; 101 August 1, 1965 to July 31, 1969, after which date they are callable at par; in each instance with accrued interest.

An annual sinking fund of $248,825 for redemption of Series of 1970 2⅞% Bonds is payable to the Trustee on or before May 1 each year. For such redemption, prices are 100⅞ August 1, 1961 to July 31, 1965, 100½ August 1, 1965 to July 31, 1969, and thereafter at par; in each instance with accrued interest.

Series of 1978 4⅜% Bonds may be redeemed as a whole, or in part, on any interest date at 105 February 1, 1963 to January 31, 1964; 104.70 February 1, 1964 to January 31, 1965; thereafter the premium reduces periodically to January 31, 1976; after which date they are callable at par; in each instance with accrued interest.

An annual sinking fund of $500,000, for redemption of Series of 1978 4⅜% Bonds is payable to the Trustee on or before November 1 each year. For such redemption, prices are 102.50 February 1, 1963 to January 31, 1964; 102.35 February 1, 1964 to January 31, 1965; reduced periodically to January 31, 1976, and thereafter at par; in each instance with accrued interest.

Series of 1985 3⅛% Bonds may be redeemed as a whole, or in part, on any interest date at 103⅜ August 1, 1961 to July 31, 1965; 102¾ August 1, 1965 to July 31, 1969; thereafter the premium reduces periodically to August 1, 1982, after which date they are callable at par; in each instance with accrued interest.

An annual sinking fund of $325,000, together with an amount equal to 10% of dividends paid by the Company on its capital stock in the preceding calendar year, is payable to the Trustee on or before May 1 in each year for redemption of the Series of 1985 Bonds. Redemption prices are 101½ August 1, 1961 to July 31, 1965; 101¼ August 1, 1965 to July 31, 1969; reduced periodically to August 1, 1982, and thereafter at par; in each instance with accrued interest.

Series of 1990 3% Bonds may be redeemed as a whole, or in part, on any interest date at 102¾ February 1, 1962 to January 31, 1966; February 1, 1966 to January 31, 1970, 102⅜; thereafter the premium reduces periodically to January 31, 1989, after which date they are callable at par; in each instance with accrued interest.

An annual sinking fund of $250,000 for redemption of Series of 1990 3% Bonds is payable to the Trustee on or before November 1 each year. For such redemption, prices are 100¾ February 1, 1962 to January 31, 1966; February 1, 1966 to January 31, 1970; 100⅝ reduced periodically to January 31, 1989, and thereafter at par; in each instance with accrued interest.

MILEAGE

	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings*	Total
Owned						
Colorado	392.57	.52	...	...	174.85	567.94
Illinois	1,504.49	298.65	40.95	4.75	1,008.95	2,857.79
Iowa	880.76	248.94	...	...	270.26	1,399.96
Kansas	199.78	...	...	...	22.36	222.14
Minnesota	23.09	2.71	...	...	38.69	64.49
Missouri	1,091.39	12.74	...	...	432.29	1,536.42
Montana	134.53	...	...	...	45.92	180.45
Nebraska	2,636.37	29.32	...	...	764.99	3,430.68
South Dakota	183.52	...	...	...	28.95	212.47
Wisconsin	220.25	214.17	...	...	60.45	494.87
Wyoming	677.59	...	...	...	198.73	876.32
Total*	7,944.34	807.05	40.95	4.75	3,046.44	11,843.53
Operated under lease or contract	601.62	130.75	.76	.76	451.72	1,185.61
Grand Total*	8,545.96	937.80	41.71	5.51	3,498.16	13,029.14

*Includes yard tracks and sidings owned but not operated as follows:
Illinois .64 mile, Iowa .71 mile, Nebraska .30 mile, total 1.65 miles.

OWNED EQUIPMENT IN SERVICE

Description	Number on Dec. 31, 1962	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1963	Average tractive power all locomotives and average capacity all freight cars
Locomotives:					
Steam	10		4	6	
Diesel Road	515	12	13	514	
Diesel Switch	176		4	172	
Total Locomotives	701	12	21	692	63,382 Lbs.
Freight-train cars:					
Box	21,039	683	458	21,264	
Flat	2,303	1	196	2,108	
Stock	2,807		345	2,462	
Gondola and Hopper	14,715	425	899	14,241	
Rack	235	93	1	327	
Caboose	449		19	430	
All classes of freight-train cars	41,548	1,202	1,918	40,832	53.36 Tons
Passenger-train cars:+					
Coaches	288	6		294	
Combination coach	21		1	20	
Parlor	10			10	
Sleeping	3	2	5		
Dining	48		5	43	
Club, lounge and observation	7			7	
Postal	24			24	
Baggage, express and other non-passenger	491	5	9	487	
Other passenger cars	28	4	12	20	
Total	920	17	32	905	
Passenger rail motor cars:					
Other passenger-train rail motor	6			6	
Total	6			6	
All classes of passenger-train cars	926	17	32	911	
Company service cars:					
Business	10		1	9	
Ballast	1,286		3	1,283	
Derrick	4			4	
Wrecking	18		1	17	
Other company service	2,448	186	162	2,472	
All classes of company service cars	3,766	186	167	3,785	
All classes of cars in service	46,240	1,405	2,117	45,528	

OWNED EQUIPMENT LEASED

Description	Number Under Lease on Dec. 31, 1962	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1963
Freight-refrigerator cars*	2,519	350	30	2,839
Passenger-refrigerator cars*	2			2
Freight-flat cars @	27	10	1	36
Freight-gondola cars‡	100		25	75
Zephyr train cars‡	2			2
Business car‡	1			1
Sleeping cars#	64		2	62

+14 cars are articulated. ‡Leased to Fort Worth and Denver Railway Co.

*Leased to Burlington Refrigerator Express Co. #Leased to Pullman Company.

@ 26 cars leased to Southern Pacific Lines and 10 cars leased to Northern Pacific Railway.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1963	1962	Increase	Decrease
RAILWAY OPERATING REVENUES—				
TRANSPORTATION:				
Freight	$213,322,099	$213,428,177		$ 106,078
Passenger	20,677,819	22,043,503		1,365,684
Baggage	75,604	25,071	$ 50,533	
Parlor and chair car	82,497	102,605		20,108
Mail	13,529,225	13,562,010		32,785
Express	3,316,639	3,566,575		249,936
Other passenger-train	241,922	250,827		8,905
Milk	76,267	102,210		25,943
Switching	4,346,759	4,350,677		3,918
Total	$255,668,831	$257,431,655		$ 1,762,824
INCIDENTAL:				
Dining and buffet	$ 2,083,036	$ 2,330,829		$ 247,793
Station and train privileges	44,731	44,443	$ 288	
Storage—Freight	9,233	9,920		687
Demurrage	888,660	837,778	50,882	
Communication	41,099	50,715		9,616
Power	8,115	9,239		1,124
Rents of buildings and other property	466,935	458,967	7,968	
Miscellaneous	965,661	923,580	42,081	
Total	$ 4,507,470	$ 4,665,471		$ 158,001
Joint facility—Cr.	$ 1,550,954	$ 1,351,672	$ 199,282	
Joint facility—Dr.	Dr. 13,571	Dr. 14,260	689	
Total	$ 1,537,383	$ 1,337,412	$ 199,971	
Total railway operating revenues	$261,713,684	$263,434,538		$ 1,720,854

	1963	1962	Increase	Decrease
RAILWAY OPERATING EXPENSES—				
Maintenance of way and structures	$ 31,250,448	$ 30,472,904	$ 777,544	
Maintenance of equipment	32,804,862	34,888,187		$ 2,083,325
Traffic	7,977,972	7,852,971	125,001	
Transportation	104,042,677	102,911,965	1,130,712	
Miscellaneous operations	3,094,416	3,456,764		362,348
General	9,325,289	9,260,521	64,768	
Railway operating expenses—excluding depreciation and retirements	$188,495,664	$188,843,312		$ 347,648
Depreciation and Retirements—				
Road Property	$ 5,151,163	$ 5,276,023		$ 124,860
Equipment	14,908,299	13,779,752	$ 1,128,547	
Total railway operating expenses	$208,555,126	$207,899,087	$ 656,039	
Operating Ratio (For Operating Ratios by general accounts see Page 39)	79.69	78.92	.77	
Net revenue from railway operations	$ 53,158,558	$ 55,535,451		$ 2,376,893
Railway tax accruals	$ 22,726,535	$ 25,034,208		$ 2,307,673
Railway operating income	$ 30,432,023	$ 30,501,243		$ 69,220
RENT INCOME				
Rents from equipment	$ 1,609,396	$ 1,727,916		$ 118,520
Joint facility rent income	830,398	935,612		105,214
Total rent income	$ 2,439,794	$ 2,663,528		$ 223,734
RENTS PAYABLE				
Rents for equipment	$ 4,600,742	$ 5,662,618		$ 1,061,876
Joint facility rents	3,190,452	3,162,201	$ 28,251	
Total rents payable	$ 7,791,194	$ 8,824,819		$ 1,033,625
Net rents	Dr.$ 5,351,400	Dr.$ 6,161,291		$ 809,891
Net railway operating income	$ 25,080,623	$ 24,339,952	$ 740,671	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Continued

	1963	1962	Increase	Decrease
OTHER INCOME				
Income from lease of road and equipment	$ 5,508	$ 6,405		$ 897
Miscellaneous rent income	944,407	957,551		13,144
Income from non-operating property	407,441	403,758	$ 3,683	
Separately operated properties—profit	10,702	10,700	2	
Dividend income	407,401	465,446		58,045
Interest income	1,663,408	1,219,725	443,683	
Income from sinking and other reserve funds	6,025		6,025	
Release of premiums on funded debt	20	20		
Miscellaneous income	933,958	1,228,714		$ 294,756
Total other income	$ 4,378,870	$ 4,292,319	$ 86,551	
Total income	$ 29,459,493	$ 28,632,271	$ 827,222	
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 29,922	$ 33,769		$ 3,847
Miscellaneous tax accruals	190,362	247,594		57,232
Miscellaneous income charges	225,016	338,380		113,364
Total miscellaneous deductions	$ 445,300	$ 619,743		$ 174,443
Income available for fixed charges	$ 29,014,193	$ 28,012,528	$ 1,001,665	
FIXED CHARGES				
Rent for leased roads and equipment	$ 66,064	$ 65,567	$ 497	
Interest on funded debt	7,492,327	7,452,780	39,547	
Interest on unfunded debt	809	3,463		$ 2,654
Amortization of discount on funded debt	87,345	77,814	9,531	
Total fixed charges	$ 7,646,545	$ 7,599,624	$ 46,921	
Net income	$ 21,367,648	$ 20,412,904	$ 954,744	

NET INVESTMENT IN ROAD AND EQUIPMENT

YEAR 1963

Account		Net Additions and Betterments
Engineering	Cr.	$ 49,587
Land for transportation purposes	Cr.	251,993
Other right-of-way expenditures	Cr.	2,251
Grading		51,263
Tunnels and subways	Cr.	7,640
Bridges, trestles and culverts		35,247
Ties	Cr.	29,380
Rails		369,351
Other track material		518,707
Ballast	Cr.	10,124
Track laying and surfacing		19,251
Fences, snowsheds and signs	Cr.	3,153
Station and office buildings	Cr.	1,611,046
Roadway buildings	Cr.	15,375
Water stations	Cr.	46,039
Fuel stations		6,292
Shops and enginehouses		12,326
Coal and ore wharves		859
Communication systems		46,881
Signals and interlockers		412,867
Power plants	Cr.	34,214
Power-transmission systems		357
Miscellaneous structures		103
Roadway machines		96,553
Roadway small tools	Cr.	2,428
Public improvements—Construction	Cr.	168,739
Shop machinery		78,461
Power-plant machinery		4,436
Total expenditures for road	Cr.	579,015
Steam locomotives	Cr.	315,862
Other locomotives		211,562
Freight-train cars		19,933,406
Passenger-train cars	Cr.	82,024
Work equipment		67,546
Miscellaneous equipment		161,211
Total expenditures for equipment		19,975,839
General officers and clerks	Cr.	419
Law	Cr.	288
Stationery and printing	Cr.	1
Taxes	Cr.	173
Interest during construction	Cr.	30,146
Other expenditures—General		3
Total general expenditures	Cr.	31,024
Construction work in progress		2,229,940
Grand Total		$21,595,740

"Cr."—Credits due to retirements.

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

OPERATING REVENUES

Year ended December 31	Average operated mileage	Freight Revenue	Passenger Revenue	Mail, express and miscellaneous revenue
1921	9,393.07	$122,716,630	$ 31,396,048	$ 14,599,590
1922	9,393.69	121,388,901	28,380,104	15,147,466
1923	9,401.41	126,433,098	28,569,831	16,267,732
1924	9,407.23	119,773,873	26,522,642	16,378,363
1925	9,398.62	118,670,808	25,116,398	15,367,972
1926	9,403.79	121,410,650	24,288,307	15,618,485
1927	9,390.00	118,497,414	22,058,572	15,764,468
1928	9,375.44	126,952,879	19,715,276	16,223,254
1929	9,373.21	126,777,844	18,817,973	16,814,108
1930	9,332.76	111,157,128	15,360,186	14,862,108
1931	9,312.69	88,237,564	11,205,062	11,776,334
1932	9,261.96	63,182,739	7,311,279	9,049,611
1933	9,237.41	63,319,234	6,722,104	8,455,637
1934	9,143.98	64,815,018	6,749,238	8,723,903
1935	9,035.66	66,817,189	6,978,101	9,129,919
1936	9,004.40	79,716,638	8,217,025	10,148,748
1937	8,975.40	79,966,473	9,717,844	10,466,895
1938	8,964.66	74,134,765	9,141,388	9,793,983
1939	8,973.06	76,853,603	9,167,835	10,110,356
1940	8,973.21	78,198,344	8,964,197	10,468,701
1941	9,036.00	94,874,259	10,697,250	11,949,846
1942	9,077.68	131,770,823	19,100,283	14,418,219
1943	9,029.56	166,123,159	32,923,900	18,905,424
1944	8,989.35	180,453,652	40,141,385	20,042,363
1945	8,965.22	183,286,915	38,193,572	21,062,311
1946	8,865.75	148,897,285	27,896,559	19,131,821
1947	8,864.97	181,409,104	19,029,068	20,740,839
1948	8,813.82	199,341,245	20,198,852	21,823,554
1949	8,766.61	179,802,953	17,818,681	20,374,874
1950	8,842.51	199,932,606	17,679,514	27,635,441
1951	8,824.01	220,253,697	19,192,719	27,147,252
1952	8,823.89	223,230,964	20,173,457	26,943,359
1953	8,866.77	230,610,550	20,349,507	27,453,755
1954	8,860.31	206,301,405	18,917,207	27,134,102
1955	8,823.89	203,700,425	19,249,645	26,276,202
1956	8,804.00	212,288,429	20,226,396	24,517,670
1957	8,776.89	212,715,213	20,922,686	24,670,316
1958	8,729.71	213,055,729	20,288,221	24,683,750
1959	8,683.45	215,330,208	20,746,554	26,996,121
1960	8,659.25	202,493,479	21,430,686	27,211,725
1961	8,626.27	205,020,997	21,211,215	27,928,600
1962	8,558.37	213,428,177	22,043,503	27,962,858
1963	8,546.68	213,322,099	20,677,819	27,713,766

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

REVENUES, EXPENSES, AND TAXES

Year Ended Dec. 31	Total Operating Revenues	Total Operating Expenses	Taxes Income Account 532	Average Per Mile of Road Operated		
				Operating Revenues	Operating Expenses	Taxes
1921	$168,712,268	$128,216,290	$ 9,718,568	$17,961	$13,650	$1,035
1922	164,916,471	126,777,703	10,890,007	17,556	13,496	1,159
1923	171,270,661	134,290,379	9,268,055	18,218	14,284	986
1924	162,674,878	119,958,734	10,642,576	17,293	12,752	1,131
1925	159,155,178	116,671,868	10,975,481	16,934	12,414	1,168
1926	161,317,442	116,462,808	11,480,061	17,155	12,385	1,221
1927	156,320,454	111,917,503	11,676,578	16,648	11,919	1,244
1928	162,891,409	114,191,159	11,192,210	17,374	12,180	1,194
1929	162,409,925	111,565,542	12,025,394	17,327	11,903	1,283
1930	141,379,422	98,877,813	11,191,877	15,149	10,595	1,199
1931	111,218,960	77,465,969	9,955,502	11,943	8,318	1,069
1932	79,543,629	58,517,604	8,148,156	8,588	6,318	880
1933	78,496,975	54,361,599	6,918,697	8,498	5,885	749
1934	80,288,159	58,007,983	5,783,597	8,780	6,344	633
1935	82,925,209	62,544,384	5,983,920	9,178	6,922	662
1936	98,082,411	71,243,003	8,411,126	10,893	7,912	934
1937	100,151,212	74,278,004	7,731,466	11,158	8,276	861
1938	93,070,136	67,087,220	9,061,509	10,382	7,484	1,011
1939	96,131,794	70,885,896	8,616,802	10,713	7,900	960
1940	97,631,242	71,853,873	8,697,632	10,880	8,008	969
1941	117,521,355	83,047,925	11,900,410	13,006	9,191	1,317
1942	165,289,325	99,415,696	26,192,996	18,208	10,952	2,885
1943	217,952,483	123,559,336	55,573,644	24,138	13,684	6,155
1944	240,637,400	145,854,303	57,190,637	26,769	16,225	6,362
1945	242,542,798	174,150,921	30,248,889	27,054	19,425	3,374
1946	195,925,665	139,250,672	25,693,903	22,099	15,707	2,898
1947	221,179,011	149,996,344	34,407,950	24,950	16,920	3,881
1948	241,363,651	167,888,010	35,912,048	27,385	19,048	4,075
1949	217,996,508	167,265,649	26,192,248	24,867	19,080	2,988
1950	245,247,561	161,964,673	39,773,302	27,735	18,317	4,498
1951	266,593,668	189,234,239	41,233,781	30,212	21,445	4,673
1952	270,347,780	193,435,960	39,690,137	30,638	21,922	4,498
1953	278,413,812	203,124,368	39,557,462	31,400	22,909	4,461
1954	252,352,714	190,333,761	28,989,381	28,481	21,481	3,272
1955	249,226,272	190,704,931	28,850,235	28,244	21,612	3,270
1956	257,032,495	196,359,600	31,392,521	29,195	22,303	3,566
1957	258,308,215	205,579,093	26,291,733	29,430	23,423	2,996
1958	258,027,700	200,263,598	27,403,280	29,557	22,940	3,139
1959	263,072,883	209,875,069	27,339,438	30,296	24,170	3,148
1960	251,135,890	203,951,532	25,178,072	29,002	23,553	2,908
1961	254,160,812	201,902,807	27,930,021	29,464	23,406	3,238
1962	263,434,538	207,899,087	25,034,208	30,781	24,292	2,925
1963	261,713,684	208,555,126	22,726,535	30,622	24,402	2,659

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

SUMMARY OF FINANCIAL RESULTS

Year ended December 31	Total revenues, including income from other sources	Expenses, taxes, rentals, and other charges	Interest on Funded Debt	Net Income	Earnings per Share of Stock
1921	$171,852,639	$139,435,531	$6,807,134	$25,609,974	$16.43
1922	168,386,706	140,005,948	8,119,271	20,261,487	11.86
1923	173,735,425	146,188,407	8,256,488	19,290,530	11.29
1924	164,788,967	134,247,699	8,641,439	21,899,829	12.82
1925	161,234,121	131,356,234	8,693,294	21,184,593	12.40
1926	164,314,046	131,699,096	8,626,981	23,987,969	14.04
1927	159,202,361	128,632,779	9,126,458	21,443,124	12.55
1928	165,929,135	130,473,328	9,177,555	26,278,252	15.38
1929	166,122,417	127,461,244	9,084,635	29,576,538	17.31
1930	144,904,521	113,840,027	9,084,635	21,979,859	12.87
1931	113,518,034	91,113,664	9,084,635	13,319,735	7.80
1932	80,906,548	70,319,097	9,084,635	1,502,816	.88
1933	80,058,804	65,376,145	9,084,635	5,598,024	3.28
1934	81,542,327	68,002,932	9,084,635	4,454,760	2.61
1935	84,006,102	73,078,623	9,084,635	1,842,844	1.08
1936	99,376,761	85,081,198	9,138,399	5,157,164	3.02
1937	101,506,074	87,279,925	9,318,895	4,907,254	2.87
1938	94,165,952	81,111,532	9,412,657	3,641,763	2.13
1939	97,266,759	84,228,649	9,376,771	3,661,339	2.14
1940	98,701,774	84,895,212	9,413,698	4,392,864	2.57
1941	118,744,477	98,760,692	9,564,643	10,419,142	6.10
1942	166,665,657	128,483,699	9,535,038	28,646,920	16.77
1943	219,490,878	182,551,064	8,708,550	28,231,264	16.53
1944	242,151,510	209,035,730	8,468,658	24,647,122	14.43
1945	244,142,926	209,309,218	7,428,309	27,405,399	16.04
1946	198,259,728	169,368,261	5,788,692	23,102,775	13.52
1947	223,062,115	189,666,103	5,654,141	27,741,871	16.24
1948	242,652,523	208,881,475	5,689,348	28,081,700	16.44
1949	219,734,305	198,626,445	5,688,368	15,419,492	9.03
1950	247,617,300	207,712,870	6,142,775	33,761,655	19.76
1951	268,204,066	237,039,202	5,915,576	25,249,288	14.78
1952	272,635,351	238,955,578	5,679,181	28,000,592	16.39
1953	280,892,910	249,044,595	6,186,809	25,661,506	15.02
1954	254,720,412	225,165,297	6,543,395	23,011,720	13.47
1955	251,768,664	223,086,211	6,524,607	22,157,846	12.97
1956	260,096,276	231,887,566	6,643,492	21,565,218	12.62
1957	261,679,935	237,695,505	6,801,818	17,182,612	10.06
1958	261,564,202	234,825,211	7,247,259	19,491,732	11.41
1959	269,062,359	244,137,433	7,228,783	17,696,143	10.36
1960	254,931,710	234,953,987	7,484,585	12,493,138	7.31
1961	257,633,478	235,703,747	7,521,065	14,408,666	8.43
1962	267,726,857	239,861,173	7,452,780	20,412,904	11.95
1963	266,092,554	237,232,579	7,492,327	21,367,648	12.51

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

MAINTENANCE AND TRANSPORTATION EXPENSES

Year ended Dec. 31	Avge. oper. mileage	Maintenance of Way and Structures	Maintenance of Equipment	Transportation	Average per Mile of Road Operated		
					M. of W. & S.	M. of E.	Transp.
1921	9,393.07	$22,917,767	$34,290,506	$63,564,017	$2,440	$3,651	$6,767
1922	9,393.69	20,769,379	35,735,414	62,875,593	2,211	3,804	6,693
1923	9,401.41	21,984,557	40,654,336	63,395,808	2,338	4,324	6,743
1924	9,407.23	19,413,917	34,786,170	57,810,258	2,064	3,698	6,145
1925	9,398.62	19,737,011	33,669,420	55,021,563	2,100	3,582	5,854
1926	9,403.79	23,965,178	30,131,658	54,315,494	2,548	3,204	5,776
1927	9,390.00	23,668,878	26,486,675	53,503,272	2,521	2,821	5,698
1928	9,375.44	25,515,422	27,197,586	52,922,445	2,722	2,901	5,645
1929	9,373.21	24,414,605	26,080,966	52,083,144	2,605	2,783	5,557
1930	9,332.76	20,311,640	22,553,488	46,922,911	2,176	2,417	5,028
1931	9,312.69	13,721,164	17,785,942	38,030,549	1,473	1,910	4,084
1932	9,261.96	9,576,465	13,341,550	28,952,905	1,034	1,440	3,126
1933	9,237.41	8,561,684	12,140,500	27,374,245	927	1,314	2,963
1934	9,143.98	9,860,327	12,431,389	28,564,565	1,078	1,360	3,124
1935	9,035.66	10,824,581	14,950,520	30,844,332	1,198	1,655	3,414
1936	9,004.40	12,797,545	16,820,495	34,549,546	1,421	1,868	3,837
1937	8,975.40	14,033,990	17,275,279	36,183,417	1,564	1,925	4,031
1938	8,964.66	11,654,202	15,409,733	33,620,007	1,300	1,719	3,750
1939	8,973.06	12,844,765	17,381,993	34,256,996	1,431	1,937	3,818
1940	8,973.21	13,353,279	16,783,688	35,277,423	1,488	1,870	3,931
1941	9,036.00	16,959,394	19,816,531	39,526,885	1,877	2,193	4,374
1942	9,077.68	21,025,235	24,106,233	46,267,051	2,316	2,656	5,097
1943	9,029.56	29,835,736	28,195,666	55,805,743	3,304	3,123	6,180
1944	8,989.35	40,175,260	33,790,768	61,653,940	4,469	3,759	6,859
1945	8,965.22	47,843,082	51,952,634	63,650,499	5,337	5,795	7,100
1946	8,865.75	31,412,419	27,660,941	68,613,877	3,543	3,120	7,739
1947	8,864.97	32,484,480	29,682,429	75,766,163	3,664	3,348	8,547
1948	8,813.82	37,260,444	34,365,642	83,366,308	4,228	3,899	9,459
1949	8,766.61	36,261,258	38,419,338	78,842,227	4,136	4,382	8,993
1950	8,842.51	33,786,916	34,037,570	80,955,660	3,821	3,849	9,155
1951	8,824.01	41,782,837	39,300,552	93,513,741	4,735	4,454	10,597
1952	8,823.89	42,108,312	40,839,794	95,078,458	4,772	4,628	10,775
1953	8,866.77	49,071,802	40,018,049	97,998,903	5,534	4,513	11,052
1954	8,860.31	35,419,111	43,180,519	95,609,781	3,998	4,873	10,791
1955	8,823.89	37,759,174	39,149,896	97,279,128	4,279	4,437	11,025
1956	8,804.00	35,749,003	42,790,642	99,819,421	4,061	4,860	11,338
1957	8,776.89	39,830,000	44,775,473	102,194,491	4,538	5,102	11,644
1958	8,729.71	33,528,112	45,882,097	101,590,005	3,841	5,256	11,637
1959	8,683.45	36,161,543	48,757,340	104,916,115	4,164	5,615	12,082
1960	8,659.25	34,084,898	46,414,611	103,168,403	3,936	5,360	11,914
1961	8,626.27	35,201,985	44,916,428	101,430,555	4,081	5,207	11,758
1962	8,558.37	35,748,927	48,667,939	102,911,965	4,177	5,687	12,025
1963	8,546.68	36,401,611	47,713,161	104,042,677	4,259	5,583	12,173

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

OPERATING EXPENSE RATIOS

Year ended December 31	Maintenance of Way and Structures	Maintenance of Equipment	Transportation	Total Operating Expenses
1921	13.58	20.32	37.68	76.00
1922	12.59	21.67	38.13	76.87
1923	12.84	23.74	37.01	78.41
1924	11.93	21.38	35.54	73.74
1925	12.40	21.16	34.57	73.31
1926	14.85	18.68	33.67	72.19
1927	15.14	16.94	34.23	71.60
1928	15.66	16.70	32.48	70.10
1929	15.03	16.06	32.07	68.69
1930	14.37	15.95	33.19	69.94
1931	12.34	15.99	34.19	69.65
1932	12.04	16.77	36.40	73.57
1933	10.91	15.46	34.87	69.25
1934	12.28	15.48	35.58	72.25
1935	13.05	18.03	37.20	75.42
1936	13.05	17.15	35.22	72.64
1937	14.01	17.25	36.13	74.17
1938	12.52	16.56	36.12	72.08
1939	13.36	18.08	35.64	73.74
1940	13.68	17.19	36.13	73.60
1941	14.44	16.86	33.64	70.67
1942	12.72	14.59	27.99	60.15
1943	13.69	12.94	25.60	56.69
1944	16.70	14.04	25.62	60.61
1945	17.88	14.86	26.24	71.80
1946	16.03	14.10	35.02	71.07
1947	14.69	13.42	34.26	67.82
1948	15.44	14.24	34.54	69.56
1949	16.63	17.62	36.17	76.73
1950	13.78	13.88	33.01	66.04
1951	15.67	14.74	35.08	70.98
1952	15.57	15.11	35.17	71.55
1953	17.63	14.37	35.20	72.96
1954	14.03	17.11	37.89	75.42
1955	15.15	15.71	39.03	76.52
1956	13.91	16.64	38.84	76.39
1957	15.42	17.34	39.56	79.59
1958	12.99	17.78	39.37	77.61
1959	13.75	18.53	39.88	79.78
1960	13.57	18.48	41.08	81.21
1961	13.85	17.67	39.92	79.44
1962	13.57	18.47	39.07	78.92
1963	13.91	18.23	39.75	79.69

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

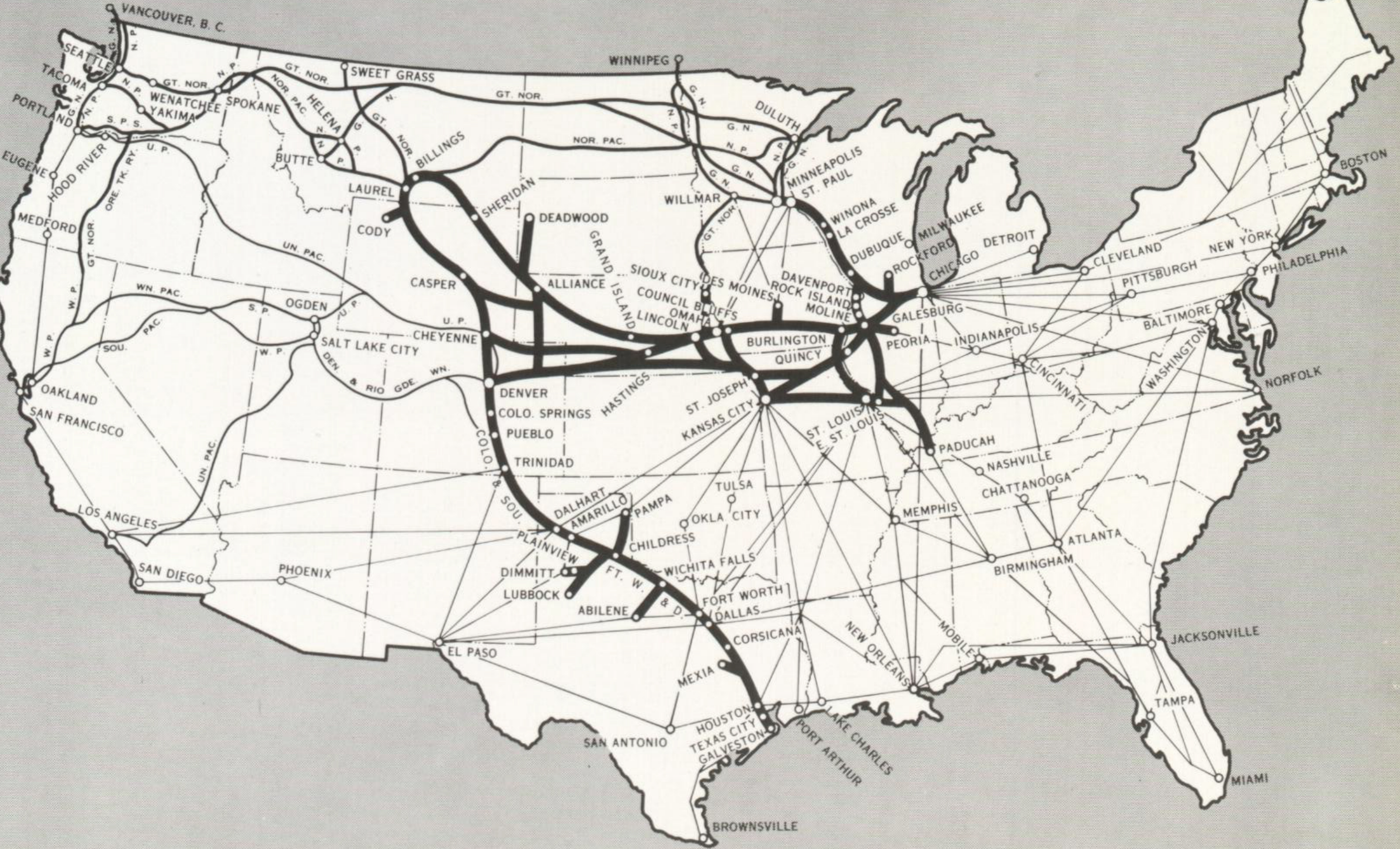
FREIGHT AND PASSENGER TRAFFIC

Year ended December 31	Carloads Revenue Freight (Excl. L.C.L.)	Revenue Ton Miles (000)	Revenue Per Ton Mile (Cents)	Revenue Passenger Miles (000)	Revenue Per Pass. Mile (Cents)
1921	1,138,140	10,554,788	1.163	999,701	3.141
1922	1,267,228	11,754,596	1.033	941,748	3.014
1923	1,422,035	12,690,384	.996	967,097	2.954
1924	1,392,061	12,287,748	.975	909,302	2.917
1925	1,394,884	12,298,288	.965	893,670	2.810
1926	1,427,076	12,651,222	.960	871,773	2.786
1927	1,380,681	11,918,019	.992	811,600	2.718
1928	1,477,074	12,931,723	.982	730,970	2.697
1929	1,468,784	12,873,521	.985	719,017	2.617
1930	1,285,504	11,356,359	.979	606,612	2.532
1931	1,015,772	8,888,694	.993	472,742	2.370
1932	761,188	6,297,639	1.003	347,834	2.102
1933	790,498	6,598,639	.960	387,065	1.737
1934	858,977	7,137,168	.908	425,949	1.585
1935	844,557	7,522,420	.888	424,789	1.643
1936	1,015,083	9,062,367	.880	499,516	1.645
1937	1,034,615	9,423,153	.849	587,409	1.654
1938	894,051	7,876,092	.941	530,835	1.722
1939	939,635	8,417,254	.913	544,510	1.684
1940	996,830	8,972,423	.872	539,670	1.661
1941	1,181,449	11,339,218	.837	640,033	1.671
1942	1,385,416	15,290,591	.862	1,080,880	1.767
1943	1,509,738	18,960,387	.876	1,822,197	1.807
1944	1,569,328	19,751,865	.914	2,220,707	1.808
1945	1,552,950	18,820,920	.974	2,116,701	1.804
1946	1,451,973	16,657,849	.894	1,529,489	1.824
1947	1,552,552	19,274,376	.941	955,746	1.991
1948	1,488,445	18,357,884	1.086	870,790	2.320
1949	1,314,873	15,250,054	1.179	757,891	2.351
1950	1,397,186	16,755,823	1.193	748,699	2.361
1951	1,491,768	18,625,332	1.183	826,128	2.323
1952	1,422,481	17,096,963	1.306	883,205	2.284
1953	1,452,471	16,825,004	1.371	902,036	2.256
1954	1,390,883	15,709,662	1.313	837,706	2.258
1955	1,437,596	16,096,078	1.266	861,327	2.235
1956	1,460,407	16,670,939	1.273	886,357	2.282
1957	1,359,116	15,600,062	1.364	889,103	2.353
1958	1,333,315	15,258,487	1.396	862,595	2.352
1959	1,363,563	15,693,022	1.372	872,351	2.378
1960	1,313,383	15,256,220	1.327	874,279	2.451
1961	1,312,590	15,729,304	1.303	855,285	2.480
1962	1,369,875	17,069,856	1.250	853,933	2.581
1963	1,369,589	17,646,415	1.209	800,725	2.582

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

PER CENT OF TOTAL FREIGHT REVENUE BY MAJOR COMMODITY GROUPS

Year Ended December 31	Products of Agriculture %	Animals and Products %	Products of Mines %	Products of Forests %	Manufactures and Misc. %	Forwarder Traffic %	Less Carload Freight %
1921	23.32	11.84	23.44	4.57	22.44	.....	14.39
1922	20.38	12.11	20.64	5.29	27.65	.....	13.93
1923	17.08	12.57	23.33	5.86	28.37	.....	12.79
1924	20.12	13.40	22.05	5.29	26.28	.....	12.86
1925	16.75	12.64	23.73	5.52	28.02	.....	13.34
1926	16.88	12.70	23.32	5.55	28.81	.....	12.74
1927	19.18	11.86	19.96	5.65	30.60	.....	12.75
1928	20.34	11.36	20.81	5.17	30.91	.....	11.41
1929	19.10	10.75	22.54	4.93	31.11	.....	11.57
1930	20.90	11.10	21.97	3.93	30.59	.....	11.51
1931	21.89	13.43	19.62	3.20	30.48	.....	11.38
1932	18.23	15.68	20.89	2.84	31.44	.....	10.92
1933	21.14	14.82	18.08	3.99	32.48	.....	9.49
1934	18.07	16.86	18.18	4.33	33.72	.....	8.84
1935	16.39	11.23	19.99	5.45	38.20	.....	8.74
1936	17.01	10.85	20.55	5.21	38.33	.....	8.05
1937	17.25	9.03	20.76	5.50	39.57	.....	7.89
1938	22.13	9.89	17.59	5.10	36.78	.....	8.51
1939	18.56	10.00	19.09	5.54	36.82	1.91	8.08
1940	17.86	9.55	20.00	5.79	37.53	2.01	7.26
1941	17.34	7.68	18.90	6.50	40.66	1.77	7.15
1942	16.10	7.10	19.73	6.25	43.90	1.34	5.58
1943	20.16	6.60	18.18	4.12	44.97	1.32	4.65
1944	16.13	6.38	15.95	3.56	52.43	.88	4.67
1945	19.23	5.91	14.08	3.11	52.03	.70	4.94
1946	22.93	7.91	17.06	4.58	39.03	.73	7.76
1947	24.06	6.19	20.39	4.72	35.65	1.78	7.21
1948	20.56	6.38	22.09	5.22	37.48	1.66	6.60
1949	23.71	7.58	17.24	6.15	37.91	1.78	5.64
1950	20.98	6.60	18.44	6.36	40.79	2.35	4.48
1951	22.36	6.32	18.03	5.73	40.41	3.28	3.87
1952	20.97	7.13	17.00	5.79	41.17	4.07	3.87
1953	18.82	7.47	15.53	5.45	44.97	4.29	3.47
1954	20.65	8.18	15.32	6.04	41.86	4.50	3.45
1955	18.95	8.33	15.91	6.65	41.38	5.16	3.62
1956	18.90	8.72	16.70	5.85	41.16	5.26	3.41
1957	21.77	7.83	15.51	5.70	40.55	5.23	3.41
1958	25.55	7.38	14.58	6.33	38.10	4.93	3.13
1959	23.21	7.69	15.05	6.77	39.74	4.72	2.82
1960	22.10	7.90	15.04	6.64	41.19	4.53	2.60
1961	23.33	7.35	14.09	7.00	41.41	4.43	2.39
1962	23.75	6.94	14.16	7.15	42.05	4.06	1.89
1963	22.66	6.35	15.02	7.03	43.12	4.24	1.58


VANCOUVER, B. C.
SEATTLE
TACOMA
PORTLAND
EUGENE
HOOD RIVER
MEDFORD
WENATCHEE
YAKIMA
SPOKANE
HELENA
BUTTE
SWEET GRASS
BILLINGS
LAUREL
CODY
SHERIDAN
DEADWOOD
CASPER
ALLIANCE
CHEYENNE
OGDEN
SALT LAKE CITY
OAKLAND
SAN FRANCISCO
LOS ANGELES
SAN DIEGO
PHOENIX
EL PASO
DENVER
COLO. SPRINGS
PUEBLO
TRINIDAD
DALHART
AMARILLO
PAMPA
PLAINVIEW
DIMMITT
LUBBOCK
CHILDRESS
ABILENE
WICHITA FALLS
FORT WORTH
DALLAS
CORSICANA
MEXIA
HOUSTON
TEXAS CITY
GALVESTON
SAN ANTONIO
BROWNSVILLE
PORT ARTHUR
LAKE CHARLES
NEW ORLEANS
MOBILE
WINNIPEG
DULUTH
MINNEAPOLIS
ST. PAUL
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WINONA
LA CROSSE
DUBUQUE
ROCKFORD
MILWAUKEE
CHICAGO
DETROIT
GRAND ISLAND
SIOUX CITY
DES MOINES
COUNCIL BLUFFS
OMAHA
LINCOLN
HASTINGS
DAVENPORT
ROCK ISLAND
MOLINE
GALESBURG
BURLINGTON
QUINCY
PEORIA
ST. JOSEPH
KANSAS CITY
ST. LOUIS
E. ST. LOUIS
PADUCAH
TULSA
OKLA. CITY
INDIANAPOLIS
CINCINNATI
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CHATTANOOGA
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ATLANTA
BIRMINGHAM
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WASHINGTON
NORFOLK
NEW YORK
PHILADELPHIA
BOSTON
JACKSONVILLE
TAMPA
MIAMI
G. N.
N. P.
GT. NOR.
NOR. PAC.
S. P. S.
U. P.
ORE. TK. RY.
UN. PAC.
WN. PAC.
W. P.
S. P.
SOU. PAC.
DEN. & RIO GDE. WN.
COLO. & SOU.
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Burlington Route

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY